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# Company Directory

Tassal Group Limited and Controlled Entities

## Directors

Allan McCallum, Dip.Ag Science, FAICD (Chairman)  
David Groves, B.Com, M.Com, CA, FAICD  
Gary Helou, BE, M.Comm, FAICD, FAIM  
Clive Hooke, FCPA, FAICD  
Jill Monk, B.Arts, B.Law, FAICD, FAI  
John Watson, AM, MAICD  
Mark Ryan, B.Com, CA, MAICD, FAIM (Managing Director)

## Chief Executive Officer

Mark Ryan  
B.Com, CA, MAICD, FAIM

## Company Secretary

Peter Jones  
LLB, B.Surv, MAICD

## Registered Office\*

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Tasmania 7004

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E-mail tassal@tassal.com.au  
Website www.tassal.com.au  
ABN 15 106 067 270  
(\*Also principal administration office)

## Auditors

Deloitte Touche Tohmatsu  
Level 9  
22 Elizabeth Street  
Hobart  
Tasmania 7000

## Bankers

Westpac Banking Corporation  
Level 10  
360 Collins Street  
Melbourne  
Victoria 3000

BankWest  
Level 6  
600 Bourke Street  
Melbourne  
Victoria 3000

## Stock Exchange Listing

Tassal Group Limited is listed on the  
Australian Securities Exchange.

The Home Exchange is Melbourne, Victoria.

ASX Code: TGR

## Share Registry

Register of Securities is held at the following address:

Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford  
Victoria 3067

Enquiries (within Australia)	1300 850 505
Enquiries (outside Australia)	61 3 9415 4000
Investor Enquiries Facsimile	61 3 9473 2555
Website	www.computershare.com

## Executive Directory

Mark Ryan	Managing Director and Chief Executive Officer
Andrew Creswell	Chief Financial Officer
Peter Jones	General Counsel and Company Secretary
Dale Williams	Head of Sales and Marketing

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Tassal Group Limited and Controlled Entities

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# Chairman's and Chief Executive Officer's Report

Tassal Group Limited and Controlled Entities

## Results and Performance Overview

The financial and operating performance of Tassal Group Limited (**Tassal**) for the 12 months ended 30 June 2011 (**FY2011**) reflected Tassal's focussed strategy to deliver long term sustainable growth, and showed that it's growth platform is now in place and is centred on retail penetration and distribution.

The key financial highlights for FY2011 were:

- reported revenue up 4.09% to \$225.635 million (FY2010: \$216.775 million);
- accounting standard AASB 141 'Agriculture' increment of \$8.683 million after tax;
- reported earnings before interest, tax, depreciation and amortisation (**EBITDA**) up 17.80% to \$59.202 million (FY2010: \$50.257 million);
- reported net profit after tax (**NPAT**) up 8.11% to \$30.280 million (FY2010: \$28.009 million);
- operating cash flow was up 45.76% to \$41.522 million (FY2010: \$28.487 million);
- gearing ratio (being net debt to equity) of 31.72%, which is within Tassal's target range of 30% to 35%;
- return on equity (being net profit after tax to total equity) of 10.98%;
- return on capital employed (being EBIT to total assets less current liabilities) of 12.74%; and
- return on assets (being earnings before interest and tax to total assets) of 10.28%.

## Key Financial Performance Indicators

The table below reports the key consolidated financial performance indicators for FY2011 and FY2010.

	Financial Year Ended 30 June 2011 \$'000	Financial Year Ended 30 June 2010 \$'000	Period Movement up/(down) \$'000	Period Movement up/(down) %
Revenue (from all sources)	225,635	216,775	8,860	4.09%
EBITDA	59,202	50,257	8,945	17.80%
EBIT	47,332	40,033	7,299	18.23%
Profit before income tax expense	40,580	34,568	6,012	17.39%
Income tax expense	(10,300)	(6,559)	3,741	57.04%
Net profit after income tax expense	30,280	28,009	2,271	8.11%
Basic earnings per share (cents)	20.78	19.96	0.82	4.10%
Diluted earnings per share (cents)	20.70	19.93	0.78	3.90%
Gearing Ratio	31.72%	36.52%	(0.048%)	(13.14%)
Interest Cover (x)	7.01	7.32	(0.31)	(4.30)%
Net Assets (\$'000)	275,681	245,202	30,479	12.43%
Net Assets per Share (\$)	1.88	1.70	0.18	10.81%
NTA (\$'000)	236,646	206,167	30,479	14.78%
NTA per Share (\$)	1.62	1.43	0.19	13.13%
ROE (NPAT)	10.98%	11.42%	(0.004%)	(3.84)%
ROCE (EBIT)	12.74%	11.87%	0.009%	7.35%
ROA (EBIT)	10.28%	9.53%	0.007%	7.84%

### 1. Definitions:

Interest Cover (x): EBIT/finance costs (Note: exclusive of borrowing costs capitalised to biological assets pursuant to AASB 123 'Borrowing Costs')

NTA (\$'000): Total equity less goodwill and other intangible assets

NTA per Share (\$): (Total equity less goodwill and other intangible assets)/shares on issue

ROE (NPAT): Net profit after tax/total equity

ROCE (EBIT): EBIT/total assets less current liabilities

ROA (EBIT): EBIT/total assets

Reflecting the Company's profits in FY2011, together with the continued investment in fish growth, operational initiatives and the completion of Tassal's Strategic Review, Tassal has recommenced its dividend and declared an unfranked final dividend for FY2011 of 2.00 cents per share. There was no interim dividend declared for FY2011. For FY2010, the total dividend paid was 6.00 cents per share unfranked. Tassal's Directors currently expect that dividend payments for FY2012 will continue to be unfranked.

After considering the presentation of the fair value adjustment for biological assets and the presentation of discounts and rebates, Tassal has re-assessed the presentation of revenue under applicable accounting standards as set out below.

#### 1. Presentation of fair value adjustment for biological assets

Tassal has reassessed its presentation of the fair value adjustment for biological assets within the statutory results in order to result in more relevant information for the users of the financial statements. Based on this reassessment, it was determined that instead of providing a gross presentation of the net market value of non-living produce extracted, a net amount would be presented. Both approaches comply with the requirements of Accounting Standard AASB 141.

Overall, the reassessment has no impact on earnings, but does affect revenue and cost of goods sold for FY2010. For FY2010, statutory revenue is reduced by \$178.9 million, with the fair value adjustment of biological assets presented as a separate line item for a net increment of \$10.034 million.

#### 2. Presentation of discounts and rebates

Tassal has also reassessed its presentation of discounts and rebates to ensure that items are classified consistent with its accounting policy on revenue recognition. Based on this reassessment, it was determined that certain selling expenses should be reclassified and recognised within revenue.

Overall, this reclassification has no impact on earnings, however revenue and cost of goods sold for FY2010 reduces by \$17.2 million.

### Overview

In providing an overview of the financial and operational results, the Directors believe that Tassal is performing in line with its Strategic Plan FY2016, with the following overarching comments highlighting this position.

### Financial Results

Tassal's revenue growth was underpinned by a strong retail segment performance, with continued year on year growth in domestic retail sales. This growth was achieved through both increasing existing product sales with existing customers and further penetration of the domestic retail segment through attracting new customers and developing new products. The positive performance of the retail segment was negatively impacted by both a declining wholesale market performance given price and volume volatility within this segment, together with export market returns which were affected by the appreciating A\$.

EBITDA growth for Tassal was driven by an increasing contribution margin as benefits from the Company's infrastructure investment over the past three years together with cost improvement initiatives started to flow through. The growth of NPAT was less than EBITDA given higher depreciation and interest costs due to the significant capital investment programme, together with an uplift in the effective tax rate for FY2011 to 25.38% as compared to FY2010 at 18.97%.

From a balance sheet perspective, the net asset position of Tassal increased by \$30.479 million to \$275.681 million. Sales growth and improving margins, together with efficient use of Tassal's receivables purchasing facility, had the effect of driving up operating cash flow, which is up 45.6% to \$41.5 million. Further, Tassal has a strong balance sheet, with gearing (net debt to equity) down to 31.7% (30 June 2010: 36.5%). Tassal's major infrastructure investment programme over last three years is now complete and, pleasingly, the benefits are now showing, both financially and operationally.

### Operational Results

From an operational perspective, the following points are noteworthy:

- Tassal has implemented a very successful fish farming programme with
  - the overall size of smolt put to sea for the 2011 Year Class (fish to be harvested in FY2013) to 30 June 2011 being 11.21% bigger than the 2010 Year Class inputs (fish to be harvested in FY2012) to 30 June 2010, together with an earlier input profile of 9 days earlier; and
  - Average harvest size for FY2011 was 16.64% bigger than FY2010.
- Despite Tassal and other food producers experiencing difficult market trading conditions, Tassal achieved strong year on year growth in retail sales, both increasing existing product sales with existing customers and further penetrating the domestic retail segment through additional customers and new products.
- Management's view is that Tassal's processing facilities are operating in line with global best practice. With the previous capital investment on infrastructure allowing throughput and yield benefits on existing business, Tassal was then able to commence some direct supply for fresh salmon products to retail customers. This direct supply allows Tassal salmon to present a premium product, in a premium condition.

The Directors believe that it is important to acknowledge the following fundamentals as they apply to Tassal:

- Like other aquaculture and agriculture businesses, salmon farming is a capital intensive industry. Salmon farming is a rolling process and in a steady state of production there will be three concurrent Year Class generations at different points in their lifecycle, together with a minimum level of capital expenditure required. With Tassal in a growth mode executing its Strategic Plan FY2016, funding has been required not only for the growth of the current production of fish and replacement capital expenditure, but also to fund expansionary fish production and capital expenditure on infrastructure assets.
- Given the production lifecycle of fish, there is a fundamental gap in the capital expenditure, working capital and profit cycles. Accordingly, it is important to apply Accounting Standard AASB 141 'Agriculture' in understanding Tassal's financial results and to ensure consistency in financial comparison and measurement with global aquaculture companies.
- Tassal has robust risk mitigation strategies in place to manage risks in an operational and financial context, however it is still faced with agricultural risk. Summer remains a challenging period in terms of fish growth however, pleasingly, the Company's risk mitigants in place for summer 2010/2011 proved effective in practice for the fish due for harvest in FY2012.



# Chairman's and Chief Executive Officer's Report (cont.)

Tassal Group Limited and Controlled Entities

## Strategic Plan FY2016

Tassal has a focused growth strategy in place to grow long term shareholder value. Tassal undertook a Strategic Review during FY2011 to ensure that it was focussed on putting in place an optimal strategy to generate shareholder value. Following this Strategic Review, Tassal has extended its Strategic Plan out to FY2016. To ensure that it builds long term shareholder value Tassal will now commence working on a Strategic Plan out to FY2021.

Tassal's goal is to position itself to deliver sustainable acceptable returns to shareholders as the leader in salmon in Australia selling a highly recognised, ethical, valued brand and product to consumers and retailers. Tassal will be recognised as the champion of the Australian sustainable salmon industry for consumers, customers and regulators. Tassal will value and be valued by our employees.

To ensure that Tassal delivers on this strategy, management's number one focus for FY2012 and beyond is to maximise domestic market consumption per capita. Tassal will do this by building a strong Tassal brand, leading innovation and being responsive to consumer and customer needs. Our focus will remain on ensuring we achieve global best practice with respect to fish growing costs and maintaining global best practice processing costs and yields.

An understanding of the main drivers of the Strategic Plan FY2016 (and their performance in FY2011) is essential in interpreting the results as against the Strategic Plan – both for FY2011 and beyond.

Set out below is a summary of the key metrics that underpin the Strategic Plan.

	FY 2010 Actual	FY 2011 Actual	FY 2016 Target
<b>Operational metrics</b>			
Domestic market sales revenue growth	13.40%	(1.3%)	Circa 13%
Domestic market sales volume growth	10.61%	(6.2%)	Circa 9%
Pricing assumptions	Targeted price increases	Targeted price increases	Targeted price increases
Capital expenditure	<b>Focus</b> expansionary efficiency risk mitigation	<b>Focus</b> expansionary efficiency risk mitigation	<b>Focus</b> replacement efficiency risk mitigation
<b>Financial metrics</b>			
(based on post AASB 141 Impact – ie Statutory Results)			
Return on Equity (NPAT/Net Assets)	11.42%	10.98%	Circa 18%
Return on Capital Employed (EBIT/Total Assets less Current Liabilities)	11.87%	12.74%	Circa 25%
Return on Assets (EBIT/Total Assets)	9.53%	10.28%	Circa 19%
Effective Tax Rate	18.97%	25.38%	28.00%

## Financial Review

### Statutory, Underlying and Operational Financial Performance

Tassal has followed the guidance for underlying profit as issued by the Australian Institute of Company Directors and Financial Services Institute of Australasia in March 2009.

There were no non-recurring items in FY2011. The pre-tax non-recurring items of \$2.250 million recorded for FY2010 were:

- \$1.134 million net foreign exchange loss as a result of a fair value adjustment; and
- \$1.116 million loss on disposal and reduction in the carrying amount of the investment in Springfield Hatcheries Pty Ltd.

Full Year ended 30 June 2011	Statutory Profit \$'000	Non Recurring Items \$'000	Underlying Profit \$'000	AASB 141 Impact \$'000	Operational Result \$'000
Revenue (from all sources)	225,635	-	225,635	-	225,635
EBITDA	59,202	-	59,202	(12,404)	46,798
EBIT	47,332	-	47,332	(12,404)	34,928
Profit before income tax expense	40,580	-	40,580	(12,404)	28,176
Income tax expense	(10,300)	-	(10,300)	3,721	(6,579)
Net profit after income tax expense	30,280	-	30,280	(8,683)	21,597

Full Year ended 30 June 2010	Statutory Profit \$'000	Non Recurring Items \$'000	Underlying Profit \$'000	AASB 141 Impact \$'000	Operational Result \$'000
Revenue (from all sources)	216,775	-	216,775	-	216,775
EBITDA	50,257	2,250	52,507	(10,034)	42,473
EBIT	40,033	2,250	42,283	(10,034)	32,249
Profit before income tax expense	34,568	2,250	36,818	(10,034)	26,784
Income tax expense	(6,559)	(675)	(7,234)	3,010	(4,224)
Net profit after income tax expense	28,009	1,575	29,584	(7,024)	22,560

### Operational Result

Revenue was up 4.09% to \$225.635 million (FY2010: \$216.775 million) due to a strong domestic market retail performance. Tassal continues to experience strong sales momentum within the domestic retail market with sales revenue and volume up 15.34% and 10.42%, respectively. Offsetting the domestic retail market performance:

- Sales revenue for the domestic wholesale market was down 23.38% due to negative price volatility and volume decline of 24.28%. Tassal lost market share to both domestic and import competitors as it was not prepared to sell product below a minimum return, and was competing in an overall depressed wholesale fish market; and
- Export sales as a percentage of total sales increased, with the export sales price (\$/kg) being lower than domestic sales price. Export sales revenue was up 93.83% to \$25.551 million (FY2010: \$13.182 million).

Operational Profit before income tax expense (**PBT**) was up 5.20% to \$28.176 million (FY2010: \$26.784 million) despite higher cost of export sales; the higher depreciation and borrowing costs resulting from the significant capital investment focus over the last three years; and higher borrowing costs to fund the increasing fish growth and ultimate fish biomass uplift. Tassal was able to offset these additional costs due to an improved contribution margin driven by a number of factors including strong retail performance, cost efficiency initiatives, improved processing results due to Tassal's capital investment programme, and improved fish size driving labour, overhead and yield improvements.

Operational NPAT for FY2011 of \$21.597 million was slightly less than FY2010 (\$22.560 million) due to the higher effective tax rate of 23.35%. The FY2010 effective tax rate was 15.77%, which was underpinned by the Federal Government's investment allowance.

# Chairman's and Chief Executive Officer's Report (cont.)

Tassal Group Limited and Controlled Entities

## Statement of Financial Position

Tassal has a strong financial position, with net assets up 12.43% to \$275.681 million, and the value of live fish (a key measure of shareholder value) up 15.32% to \$147.938 million.

Set out below is a summary of the key Statement of Financial Position items.

(\$'000)	30 June 2011	30 June 2010
Cash	7,960	4,265
Trade & other receivables	8,477	24,827
Inventories	48,346	39,985
Biological assets	147,938	128,281
Other current assets	1,339	1,464
<b>Total current assets</b>	<b>214,060</b>	<b>198,822</b>
Trade & other receivables	-	561
Investments	6,654	7,427
Property, plant & equipment	200,169	173,562
Goodwill and intangibles	39,035	39,035
Other non current assets	625	665
<b>Total non current assets</b>	<b>246,483</b>	<b>221,250</b>
<b>Total assets</b>	<b>460,543</b>	<b>420,072</b>
Borrowings	46,299	37,869
Trade and other payables	38,208	39,932
Other current liabilities	4,587	5,012
<b>Total current liabilities</b>	<b>89,084</b>	<b>82,813</b>
Borrowings	49,115	55,943
Deferred tax liabilities	45,959	35,478
Other	694	636
<b>Total non-current liabilities</b>	<b>95,768</b>	<b>92,057</b>
<b>Total liabilities</b>	<b>184,862</b>	<b>174,870</b>
<b>Net assets</b>	<b>275,681</b>	<b>245,202</b>



- Trade and other receivables decreased by \$16.350 million to \$8.477 million, with average debtor days at 13.90 days (FY2010: 42.59 days). The reduction in trade and other receivables was underpinned by a sell-in of retail customer invoices to Tassal's receivables purchase facility. It should be noted that Tassal insures almost all sales to domestic customers.
- Inventory at 30 June 2011 of \$48.346 million reflected the Company's sales mix.

(\$'000)	30 June 2011	30 June 2010	Change
Biological asset component	7,864	5,143	52.91%
Tassal finished goods	29,267	23,107	26.66%
Superior Gold finished good	2,895	3,148	(8.04)%
Raw materials	8,320	8,587	(3.11)%
<b>Total</b>	<b>48,346</b>	<b>39,985</b>	<b>20.91%</b>

- FY2011 saw significant growth in biological assets (i.e. live fish) from \$128.281 million to \$147.938 million, together with planned growth in infrastructure and operating assets (property, plant and equipment) from \$173.562 million to \$200.169 million. This growth underpins Tassal's ability to deliver sustainable long term returns and achieve its Strategic Plan FY2016 goals.
- Trade and other payables decreased by \$1.724 million to \$38.208 million, with average creditor days at 62.65 days (FY2010: 68.50 days).
- Borrowings (net of cash and cash equivalents) was \$87.454 million:
  - Gearing (being net debt/equity) remained conservative at 31.72%;
  - Prior to the end of FY2011, Tassal has:
    - extended core working capital debt funding jointly from Westpac Banking Corporation (**Westpac**) and Bank of Western Australia Ltd (**BankWest**) for \$38.000 million – with tenures covering \$14.000 million to 30 September 2012 and \$24.000 million to 31 October 2012;
    - operational working capital facilities with Westpac; and
    - asset purchase debt lines with Westpac, BankWest and National Australia Bank Limited; and
  - During July 2011, Tassal has secured an additional \$10.000 million core working capital debt funding from Westpac to 30 September 2012.

### Cash flow

(\$'000)	FY2011	FY2010
Operating cash flow	41,522	28,487
Investing cash flow	(39,398)	(47,797)
Financing cash flow	1,584	19,880
Net increase/(decrease) in cash and cash equivalents	3,708	570

- Overall, net cash provided by operating activities was up 45.76% to \$41.522 million (FY2010: \$28.487 million), with sales growth and cost reduction initiatives, together with the benefit of selling in retail customer invoices into the receivables purchase facility driving this outcome. This achievement was despite the \$19.657 million increase in the value of biological assets.
- Net cash used in investing activities reduced by 17.57% to \$39.398 million due to finalising Tassal's major infrastructure requirements to drive further growth, efficiencies and risk mitigation, and to enable delivery of the Company's Strategic Plan FY2016 targets. The level of capital spend was commensurate with the level of growth of Tassal's live fish – and more importantly, to ensure appropriate risk mitigation was in place to underpin the Company's sustainability.
- Net cash provided by financing activities reduced by 92.03% to \$1.584 million, despite the significant growth in biological assets.

# Chairman's and Chief Executive Officer's Report (cont.)

Tassal Group Limited and Controlled Entities

## Outlook for the Full Year to 30 June 2012

Tassal has built a world class sustainable platform from which to further grow its market position, revenue and earnings. Management is now focussed on shifting its strategic priority from farming to marketing, creating an environment that maximises overall domestic market consumption per capita. Tassal believes that it can achieve this through:

- creating and maintaining "top of mind" awareness with consumers;
- marketing campaigns;
- new product development; and
- promotional support and other demand stimulating strategies.

Tassal has continued to successfully execute its retail segment strategy. Even though the past 12 months were generally characterised by tough trading conditions, underpinned by its retail strategy Tassal has been able to maximise its financial and operational position. Retail sector sales are forecast to continue to achieve strong year-on-year growth, with sales strategies agreed with major retailers and with the addition of the Aldi fresh salmon business.

Overall, improved statutory and operating earnings are forecast for FY2012 given:

- Domestic retail segment initiatives that will further broaden Tassal's leading retail presence – more retail presence for more products.
- Sales mix that will maximise incremental value – focus is on maximising the growth of the domestic market consumption per capita.
- Increased fish size – leading to lower fish costs.
- Reducing feed prices – significant achievements evident on diet and raw material substitution.
- Flow through of full year benefits from cost efficiency initiatives – with more cost efficiency strategies in place for FY2012.
- Flow through of the benefits from Tassal's infrastructure investment into earnings via improved yield and cost reductions – processing facilities operating at global best practice.

With Tassal having now completed its substantial capital investment programme undertaken over the past three years, the Company's future capital expenditure will significantly reduce. Even after completing its substantial investment programme, Tassal has been able to maintain a strong balance sheet with comfortable gearing and increasing operating cash flow due to the strength of the company's underlying operations. This conservative gearing position is expected to continue.

The Company has the platform in place to deliver improved bottom-line performance. Given the exceptional performance of Tassal's live fish, focus on sustainable growing practices, and world class infrastructure now in place, Tassal is well placed to grow and produce attractive returns for its shareholders.

## Priorities for the Year Ahead

Tassal's over-arching priority is to deliver on the underlying operational and financial metrics of the Company's Strategic Plan FY2016. The Company believes that it now has in place the platform to be able to do this. To achieve the Strategic Plan FY2016 targets, Tassal is putting in place the following strategies for its business:

- Sales and Marketing Strategy – to further grow Australian salmon market share, and grow domestic market consumption per capita by building a strong Tassal brand, leading innovation and being responsive to consumer and customer needs;
- Operational Strategy – to position Tassal to be globally cost competitive in aquaculture production (i.e. both growing and processing) through a successful selective breeding programme (**SBP**), amoeba gill disease reductions, innovative fish husbandry practices and leading edge diets and best practice processing equipment and facilities;
- Sustainability Strategy – to ensure that Tassal has a platform in place to deliver sustainable acceptable returns to shareholders as the leader in salmon in Australia selling a highly recognised ethical brand and product to consumers and customers, with Tassal being recognised for this by consumers, customers and regulators; and
- Human Resources Strategy – to ensure that we are the leaders of people, outcomes and commercial results, which will be achieved in an ethical and sustainable way that demonstrates Tassal values its people.

The specific operational priorities for the year ahead include:

- From a sales & marketing perspective, delivering a sales mix that maximises value:
  - FY2012 will see the benefits of a hugely successful farming programme – upwards of 33% fish biomass growth
    - supply growth will outstrip demand growth in core Australian target markets
    - need to accelerate domestic consumption per capita
  - Focus on ensuring traditional markets grow in a value maximising way to deliver incremental margin from volume strategies
  - Look to maximise returns from export market
    - used to take the balance of biomass not required for domestic consumption – focus is for bigger fish to go into export market (i.e. bigger fish equates to higher price (\$/kg) for those fish)
    - anticipated to become a core market in FY2012 with dedicated focus and strategy to mitigate risk and maximise returns

- Tassal has several operational priorities, including:
  - maximising harvest size to increase average harvest weight and drive benefits from economies of scale
    - Tassal is currently capturing significant fish growth in its current Year Classes, with the growth in line with Strategic Plan FY2016 targets;
    - inputting more fish earlier and bigger to underpin future growth efforts, with Tassal's SBP providing a significant risk mitigant against agricultural risk associated with fish growth, together with reducing the incidence and cost of amoeba gill disease; and
    - summer water temperature is still the Company's biggest risk, albeit through the SBP Tassal will be well placed to be an early adapter to climate change.
  - mitigating the effect of movements in the key raw materials making up Tassal's feed diet by ensuring that we have readily substitutable fish feed diets on hand which do not compromise fish growth. Significant work has been undertaken on diet and raw material substitution to date, with a range of diets in place that have reduced fish feed prices in FY2011 whilst at the same time improving fish growth.
  - feed conversion, with the focus on maximising the feeding of the fish to maximise average harvest size, whilst also focusing on growing the fish more efficiently.
  - whilst depreciation has increased, the Company has now finished its substantial capital investment programme undertaken over the past three years to be able to deliver its Strategic Plan FY2016 targets. Tassal now has an excellent platform in place to achieve global cost competitiveness, with all major assets now in place to not only deliver scale benefits, but also increase efficiency and risk mitigation measures; and
  - maximising pen and lease usage, with any further lease expansion needing to clearly deliver a bottom-line benefit.

There are three key financial priorities for FY2012:

- maximising sales price and sales returns in both the domestic and export markets, whilst at the same time growing the domestic market consumption per capita. Tassal will continue to monitor this position carefully;
- maximising efficiency with respect to working capital management, given:
  - salmon farming is a capital intensive industry, and Tassal is in a growth phase;
  - the production lifecycle of fish leads to a fundamental gap in the capital expenditure, working capital and profit cycles; and
  - base interest rates and bank margins, as well as net debt increased over FY2011.
- to ensure that Tassal progresses towards achieving the underlying financial metrics underpinning the Strategic Plan FY2016.

### Sustainability

Tassal has maintained its industry leading position in implementing a sustainability focus throughout the Company. Key to this focus is meaningful communication with all stakeholders, including customers. The Company's goal is to develop significant environmental and social initiatives led by stakeholder input.

Overall, Tassal is mitigating risk via a focus on sustainability:

- implementing best practice infrastructure;
- focusing on impact mitigation and stakeholder engagement;
- forming collaborative, forward focussed research partnerships;
- implementing and resourcing compliance, communication, stakeholder, and seal management plans.

The Board is accountable for the development, establishment and review of appropriate policy in these areas. The Board requires a best practice approach in these areas and has implemented appropriate management objectives and structures, and a regular reporting process to ensure that this objective is achieved. The Board considers Tassal to be a sustainable aquaculture company from an environmental, operational and financial perspective.

### Climate Change

Tassal considers that increasing greenhouse gas concentrations in the atmosphere and associated climate change risks need to be addressed at both a global and local level.

As a responsible corporate member of the community, Tassal seeks to conduct a profitable business with a commitment to reduce our contribution to greenhouse gas emissions and reduce the risks of adverse effects from climate change while operating in an emission constrained environment.

Tassal believes that the risks of climate change associated with increasing greenhouse gas concentrations needs to be addressed through accelerated action. Behavioural change, innovation and technical progress are essential to achieve a balance in meeting natural resource and energy needs. Tassal will take action within our own business and work with industry, governments and other stakeholders to address this global challenge and find lasting solutions congruent with our goals.

Tassal has calculated its carbon footprint and energy consumption to establish the requirement to register with the National Greenhouse and Energy Reporting Act as managed by the Commonwealth Department of Climate Change (**DCC**). According to the threshold limits established by the DCC, Tassal is significantly below the limits required for registration. At this stage the Board has decided not to adopt the option of voluntary registration until such time as the Greenhouse Gas Emission estimates can be further defined.

Tassal has a Climate Change Policy which gives consideration and commitment to lowering the operational greenhouse gas emissions and overall energy consumption of the operations.

# Chairman's and Chief Executive Officer's Report (cont.)

Tassal Group Limited and Controlled Entities

Food producers are under increasing pressure to provide for a growing population that is demanding good quality, nutritious foods that have a minimal environmental footprint. At the same time, they face significant supply-side constraints as the costs of inputs required to produce food reach record highs. Bond University is currently working with the Tasmanian salmon industry to find ways in which these nutritional, environmental and economic objectives can be simultaneously met. This work involves undertaking a detailed Life Cycle Assessment of the salmon supply chain to assess the overall efficiency of the production process, from the raw materials used to formulate feeds, through to the processing and distribution of the final product. The research will assist in ensuring the ongoing sustainability of the industry (including through reduced energy use) and the natural and social systems within which it operates.

## Occupational Health & Safety

Tassal is committed to providing a healthy and safe workplace that is, as far as is reasonably practicable, without risk of injury or illness. Our aspirational vision is "No Injuries". This commitment extends to the delivery of a healthy and safe product to all Tassal customers and consumers and is underpinned by the Company's food safety and hygiene related accreditations. These include ISO 9001:2000, HACCP, Halal, Kosher and other accreditations to meet the food safety and hygiene requirements of our major retail customers.

Tassal believes that no job is so important that it cannot be done safely. Each and every Tassal employee has a responsibility to themselves, their colleagues, their families and their community to ensure that they work safely. We have introduced into our workplace a zero tolerance position for both alcohol and drugs.

Tassal continues to strive for improved safety performance and is moving from a compliance based approach to Occupational Health & Safety to one that proactively supports the physical and emotional wellbeing of our people. While noting this shift, Tassal remains dedicated to embedding a superior safety programme throughout its business and will allocate sufficient resources to enhance both engineering and system based solutions in the workplace.

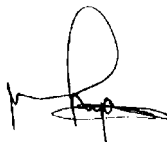
Improvement in safety performance remains a focus point in FY2012. Tassal is targeting an improved safety culture, with detailed activity plans established within each business unit to ensure continued improvement is achieved. Further to this, OH&S targets are also integrated into Management key performance indicators.

## Support

On behalf of the Board, once again, we thank our employees, customers, suppliers and shareholders who have continually believed in and supported Tassal's vision and strategy.



A. D. McCallum  
Chairman



M. A. Ryan  
Managing Director & Chief Executive Officer

Hobart, this 22nd day of August 2011

# Corporate Governance Statement

Tassal Group Limited and Controlled Entities

Tassal is committed to maintaining high standards of corporate governance appropriate to its size and operations to effectively manage risk, improve the Company's performance and enhance corporate responsibility. The Board of Directors of Tassal (the **Board**), working with senior management, is responsible for the corporate governance of Tassal and its controlled entities. The Board carries out its responsibilities within a framework of corporate governance policies and practice documents which outline the commitment to act ethically, openly, fairly, and diligently when promoting the interests of shareholders, employees and customers and broader community interests.

Unless explicitly stated otherwise, the Directors believe Tassal complies with the core principles and underlying recommendations of ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations".

The Corporate Governance Statement is provided in tabular format to specifically align the response of the Board clearly to each specific recommendation. The table also lists the relevant codes, policies or charters that underpin Corporate Governance practices at Tassal.

All these documents (unless indicated) are available for public inspection on Tassal's website (Investor Relations Section), [www.tassal.com.au](http://www.tassal.com.au)

		Reference material	Compliance
<b>Principle 1</b>	<b>Lay solid foundations for management and oversight</b> <b>Establish and disclose the respective roles and responsibilities of Board and management.</b>		<b>Yes</b>
<b>Recommendation 1.1</b>	Establish and disclose the functions reserved to the Board and those delegated to senior executives.		Yes
Tassal Board Response	The Board has adopted a Board Charter which clearly outlines the role and functions of the Board, has developed separate role statements for the Chairman and Chief Executive Officer and implemented a policy prescribing the delegated and reserved powers of the Board and that delegated to senior executives.	<ul style="list-style-type: none"> <li>• Board Charter</li> <li>• Statement of Delegated Authority</li> <li>• Role of the Chairman</li> <li>• Role of the CEO</li> </ul>	
<b>Recommendation 1.2</b>	Disclose the process for performance evaluation of senior executives.		Yes
Tassal Board Response	<p>The Chief Executive Officer's compensation arrangements and performance is reviewed, monitored and evaluated by the Board and Remuneration and Nominations Committee on an annual basis.</p> <p>The compensation arrangements and performance of the direct reports to the Chief Executive Officer (the <b>Senior Executives</b>) is reviewed, monitored and evaluated by the Chief Executive Officer.</p> <p>The Chief Executive Officer provides the Remuneration and Nominations Committee with an overview of individual Senior Executive performance and compensation recommendations for Committee assessment and review.</p> <p>Performance evaluations have been undertaken for the Chief Executive Officer and Senior Executives during the current financial year.</p>	<ul style="list-style-type: none"> <li>• Remuneration Report – section 20 of the Directors' Report</li> <li>• Board Charter</li> <li>• Remuneration Policy</li> <li>• Remuneration and Nominations Committee Charter</li> </ul>	
<b>Recommendation 1.3</b>	Provide the information set out in Guide to reporting on Principle 1:		Yes
	<ul style="list-style-type: none"> <li>• An explanation of any departure from Recommendation 1.1, 1.2 or 1.3</li> </ul>		
Tassal Board Response	There has been no departure from Recommendation 1.1, 1.2 or 1.3		
	<ul style="list-style-type: none"> <li>• Whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed.</li> </ul>		
Tassal Board Response	A performance evaluation for the Chief Executive Officer and Senior Executives has taken place in the reporting period, in accordance with the process disclosed.		



# Corporate Governance Statement (cont.)

Tassal Group Limited and Controlled Entities

		Reference material	Compliance
<b>Principle 2</b>	<b>Structure the Board to add value</b> <i>Have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.</i>		<b>Yes</b>
<b>Recommendation 2.1</b>	A majority of the Board should be independent directors.		Yes
Tassal Board Response	<p>The Directors considered by the Board to constitute independent Directors are identified, along with their period in office, in the Directors' Report.</p> <p>The Company presently has six Non-executive Directors, all of whom, including the Chairman, are considered by the Board to be independent in terms of the ASX CGC's definition of an independent Director. The Chief Executive Officer is an Executive Director of the Company.</p>	<ul style="list-style-type: none"> <li>• Board Charter</li> <li>• Policy – Independence of Directors</li> <li>• Refer section 1 of the Directors' Report for details of Director's length of service</li> <li>• Refer section 16 of the Directors' Report for names of Directors considered to be independent</li> </ul>	
<b>Recommendation 2.2</b>	The Chairman should be an independent Director.		Yes
Tassal Board Response	The Chairman, Mr Allan McCallum, is an independent Director.	<ul style="list-style-type: none"> <li>• Board Charter</li> <li>• Role of the Chairman</li> </ul>	
<b>Recommendation 2.3</b>	The roles of the Chairman and Chief Executive Officer should not be exercised by the same individual.		Yes
Tassal Board Response	<p>Mr Mark Ryan is the Company's Chief Executive Officer and Managing Director.</p> <p>In line with the Board Charter, the roles of Chairman and Chief Executive Officer are separated.</p> <p>Board policy is that the Chief Executive Officer cannot become Chairman.</p>	<ul style="list-style-type: none"> <li>• Board Charter</li> <li>• Role of the Chairman</li> <li>• Role of the CEO</li> </ul>	
<b>Recommendation 2.4</b>	The Board should establish a nomination committee.		Yes
Tassal Board Response	<p>The Board has established a Remuneration and Nominations Committee. The Committee's charter sets out its roles, responsibilities, membership, meeting process, Board reporting requirements and performance evaluation requirements.</p> <p>The Committee is structured so that it consists of at least three Non-Executive Directors, all of whom must be independent.</p>	<ul style="list-style-type: none"> <li>• Remuneration and Nominations Committee Charter</li> </ul>	
<b>Recommendation 2.5</b>	Disclose the process for performance evaluation of the Board, its Committees and individual Directors.		Yes
Tassal Board Response	<p>The Board Charter requires that each year the Board will conduct an evaluation of its performance that:</p> <ul style="list-style-type: none"> <li>• compares the performance of the Board with the requirements of its Charter;</li> <li>• sets forth goals and objectives of the Board for the upcoming year; and</li> <li>• effects any improvement to the Board Charter deemed necessary or desirable.</li> </ul> <p>The respective Board Committee Charters also require the Committees to evaluate their performance and composition at least annually to determine whether the relevant Committee is functioning effectively by reference to current best practice. This evaluation is presented to the Board for review.</p> <p>Formal performance evaluations have been satisfactorily undertaken for the Board, Audit and Risk Committee and Remuneration and Nominations Committee during the current financial year in accordance with disclosed Tassal policy.</p>	<ul style="list-style-type: none"> <li>• Remuneration Report – section 20 of the Directors' Report</li> <li>• Board Charter</li> <li>• Remuneration Policy</li> <li>• Remuneration and Nominations Committee Charter</li> <li>• Audit and Risk Committee Charter</li> </ul>	



		Reference material	Compliance
<b>Principle 2 (cont.)</b>	<b>Structure the Board to add value</b> <b><i>Have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.</i></b>		<b>Yes</b>
<b>Recommendation 2.6</b>	Provide the information set out in Guide to reporting on Principle 2: <ul style="list-style-type: none"> <li>The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the annual report.</li> </ul>		Yes
Tassal Board Response	All Directors have an understanding of Tassal's business. The Board considers the Directors' diverse range of skills and experience is appropriate to discharge its responsibilities and duties.	<ul style="list-style-type: none"> <li>Refer sections 16 and 17 of the Directors' Report</li> </ul>	
	<ul style="list-style-type: none"> <li>The names of the Directors considered by the Board to constitute independent Directors and the Company's materiality thresholds.</li> </ul>		
Tassal Board Response	See Tassal Board response to recommendation 2.1. Tassal's independence criteria guidelines for determining the independence of Directors are detailed in the Policy on Independence of Directors.	<ul style="list-style-type: none"> <li>Refer sections 16 and 17 of the Directors' Report</li> <li>Policy – Independence of Directors</li> </ul>	
	<ul style="list-style-type: none"> <li>The existence of any relationships affecting independent status and an explanation of why the Board considers a Director to be independent, notwithstanding the existence of those relationships.</li> </ul>		
Tassal Board Response	All other non-executive Directors are considered to be independent and there are no relationships in existence affecting that status.		
	<ul style="list-style-type: none"> <li>A statement as to whether there is a procedure agreed by the Board for Directors to take independent professional advice at the expense of the company.</li> </ul>		
Tassal Board Response	Directors are entitled to seek independent professional advice at Tassal's expense, subject to the approval of the Chairman, or in his absence, the Board.	<ul style="list-style-type: none"> <li>Board Charter</li> <li>Director's Deed of Indemnity and Right of Access to Documents – this document is not publicly available</li> </ul>	

# Corporate Governance Statement (cont.)

Tassal Group Limited and Controlled Entities

		Reference material	Compliance
<b>Principle 2 (cont.)</b>	<b>Structure the Board to add value</b> <i>Have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.</i>		<b>Yes</b>
<b>Recommendation 2.6 (cont.)</b>	<ul style="list-style-type: none"> <li>A statement as to the mix of skills and diversity which the Board is looking to achieve in its membership</li> </ul>		
Tassal Board Response	The mix of skills and diversity the Board is looking to achieve is an appropriate one having regard to the future needs of Tassal's business.	<ul style="list-style-type: none"> <li>Board Charter</li> <li>Remuneration and Nominations Committee Charter</li> <li>Policy for the Selection and Appointment of Directors</li> </ul>	
	<ul style="list-style-type: none"> <li>The period of office held by each Director in office at the date of this Annual Report.</li> </ul>		
Tassal Board Response	This information is provided in the Directors' Report.	<ul style="list-style-type: none"> <li>Refer section 1 of the Directors' Report</li> </ul>	
	<ul style="list-style-type: none"> <li>The names of members of the Remuneration and Nominations Committee and their attendance at meetings of the Committee.</li> </ul>		
Tassal Board Response	This information is provided in the Directors' Report.	<ul style="list-style-type: none"> <li>Refer sections 16 and 18 of the Director's Report</li> </ul>	
	<ul style="list-style-type: none"> <li>Whether a performance evaluation for the Board and its Committees has taken place in the reporting period and whether it was in accordance with the process disclosed.</li> </ul>		
Tassal Board Response	See Tassal Board response to recommendation 2.5.	<ul style="list-style-type: none"> <li>Board Charter</li> <li>Remuneration and Nominations Committee Charter</li> <li>Audit and Risk Committee Charter</li> </ul>	

		Reference material	Compliance
<b>Principle 3</b>	<b>Promote ethical and responsible decision making</b> <i>Actively promote ethical and responsible decision making.</i>		<b>Yes</b>
<b>Recommendation 3.1</b>	Establish and disclose a summary of a code of conduct as to: <ul style="list-style-type: none"> <li>the practices necessary to maintain confidence in Tassal's integrity;</li> <li>the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and</li> <li>the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>		Yes
Tassal Board Response	<p>The Directors have adopted a Code of Conduct to provide clear guidelines for the ethical behavioural standards expected of the Company's Directors, Senior Executives and all employees.</p> <p>The Code of Conduct sets ethical standards for Tassal's Directors and employees, all of whom are expected to pursue the highest standards of ethical conduct in the interests of shareholders, customers, suppliers, the wider community and the environment.</p> <p>Ethical conduct relates to standards of behaviour characterised not only by complying with the law and the various Tassal policies which are referred to in the Code of Conduct, but also by acting fairly, honestly and with integrity.</p> <p>The Code addresses, among other things:</p> <ul style="list-style-type: none"> <li>ethical conduct and expected behaviours based on the principles of fairness, honesty and integrity;</li> <li>compliance with the law;</li> <li>confidentiality and inside information;</li> <li>disclosure of interests;</li> <li>trading in Tassal securities;</li> <li>integrity of records;</li> <li>protection of Tassal assets;</li> <li>personal transactions;</li> <li>improper payments, gifts, entertainment and travel;</li> <li>political contributions; and</li> <li>whistleblower protection.</li> </ul>	<ul style="list-style-type: none"> <li>Code of Conduct</li> </ul>	
<b>Recommendation 3.2</b>	Establish a policy concerning diversity and disclose the policy or a summary of the policy.		Yes
Tassal Board Response	The Directors have adopted a Diversity Policy which includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.	<ul style="list-style-type: none"> <li>Diversity Policy</li> </ul>	
<b>Recommendation 3.3</b>	Disclose the measurable objectives for achieving gender diversity and progress towards achieving them.		No
Tassal Board Response	The Diversity Policy (adopted on 2 June 2011) requires Tassal's management to develop, for approval by the Board, measurable objectives concerning the strategies, initiatives and programmes to achieve gender diversity in order to create an environment conducive to the appointment of well-qualified Board, senior management and other employees to maximise the achievement of Tassal's corporate goals. Having regard to the recent adoption of the Diversity Policy, the measurable objectives are under development by Tassal's management.	<ul style="list-style-type: none"> <li>Diversity Policy</li> </ul>	
<b>Recommendation 3.4</b>	Disclose the proportion of women in the whole organisation, women in senior executive positions and women on the Board.		Yes
Tassal Board Response	The proportion of women at the relevant levels as at 30 June 2011 is: <ul style="list-style-type: none"> <li>the Board – 14.3%</li> <li>Senior Executives – 22.2%</li> <li>whole organisation – 31%</li> </ul>		
<b>Recommendation 3.5</b>	Provide the information set out in the Guide to reporting on Principle 3.		Yes
Tassal Board Response	<ul style="list-style-type: none"> <li>Tassal's Code of Conduct and Diversity Policy available for public inspection on the Company's website (Investors – Corporate Governance Policies Section), <a href="http://www.tassal.com.au">www.tassal.com.au</a></li> </ul>		

# Corporate Governance Statement (cont.)

Tassal Group Limited and Controlled Entities

		Reference material	Compliance
<b>Principle 4</b>	<b>Safeguard integrity in financial reporting</b> <i>Have a structure to independently verify and safeguard the integrity of the company's financial reporting.</i>		<b>Yes</b>
<b>Recommendation 4.1</b>	The Board should establish an Audit Committee.		Yes
Tassal Board Response	The Board has established an Audit and Risk Committee.	<ul style="list-style-type: none"> <li>Audit and Risk Committee Charter</li> </ul>	
<b>Recommendation 4.2</b>	Structure the Audit Committee so that it consists of: <ul style="list-style-type: none"> <li>only non-executive Directors;</li> <li>a majority of independent Directors;</li> <li>an independent Chairman who is not Chairman of the Board; and</li> <li>at least three members.</li> </ul>		Yes
Tassal Board Response	Tassal's Audit and Risk Committee is structured in compliance with this best practice recommendation. All Committee members are independent Directors.	<ul style="list-style-type: none"> <li>Audit and Risk Committee Charter</li> <li>Refer section 16 of the Directors' Report for names of Committee members and their independence status</li> </ul>	
<b>Recommendation 4.3</b>	The Audit Committee should have a formal charter.		Yes
Tassal Board Response	The Audit and Risk Committee has a formal charter which sets out its roles, responsibilities, membership, meeting process, Board reporting requirements and performance evaluation requirements.	<ul style="list-style-type: none"> <li>Audit and Risk Committee Charter</li> </ul>	
<b>Recommendation 4.4</b>	Provide the information set out in Guide to reporting on Principle 4: <ul style="list-style-type: none"> <li>Details of the names and qualifications of those appointed to the Audit Committee.</li> <li>The number of meetings of the Audit Committee and names of the attendees.</li> </ul>		Yes
Tassal Board Response	This information is provided in the Directors' Report.	<ul style="list-style-type: none"> <li>Refer sections 16, 17 and 18 of the Directors' Report</li> </ul>	
	<ul style="list-style-type: none"> <li>Procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.</li> </ul>		
Tassal Board Response	<p>The external auditor, Deloitte Touche Tohmatsu (retained following a scheduled formal tender process conducted during the financial year ended 30 June 2009), under the scrutiny of the Audit and Risk Committee, presently conducts the statutory audits in return for reasonable fees.</p> <p>The Committee has specific responsibility for recommending the appointment or dismissal of external auditors and monitoring any non-audit work carried out by the external audit firm. The procedures for appointment of an external auditor are outlined in the charter.</p> <ul style="list-style-type: none"> <li>Guidelines on External Auditor Selection, Evaluation and Rotation (this document is not publicly available); and</li> <li>Guidelines on Provision of Audit and Other (Non-Audit) Services by the External Auditor (this document is not publicly available).</li> </ul> <p>No Director has any association, past or present, with Tassal's external auditor.</p>	<ul style="list-style-type: none"> <li>Audit and Risk Committee Charter</li> </ul>	

		Reference material	Compliance
<b>Principle 5</b>	<b>Make timely and balanced disclosure</b> <i>Promote timely and balanced disclosure of all material matters concerning the Company.</i>		<b>Yes</b>
<b>Recommendation 5.1</b>	Establish written policies and procedures designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior management level for that compliance and disclose those policies or a summary of those policies.		Yes
Tassal Board Response	The Board has adopted a Continuous Disclosure Policy to ensure Tassal complies with its disclosure obligations under ASX Listing Rules and the Corporations Act and to attribute accountability at a senior executive level for that compliance.	<ul style="list-style-type: none"> <li>• Continuous Disclosure Policy</li> </ul>	
<b>Recommendation 5.2</b>	Provide the information set out in Guide to reporting on Principle 5.		Yes
Tassal Board Response	Tassal's Continuous Disclosure Policy is available for public inspection on the Company's website (Investors – Corporate Governance Policies Section), <a href="http://www.tassal.com.au">www.tassal.com.au</a>		
<b>Principle 6</b>	<b>Respect the rights of shareholders</b> <i>Respect the rights of shareholders and facilitate the effective exercise of those rights.</i>		<b>Yes</b>
<b>Recommendation 6.1</b>	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings and disclose those policies or a summary of those policies.		Yes
Tassal Board Response	<p>Tassal places considerable importance on effective communication with its shareholders, market participants, customers, employees, suppliers, financiers, creditors other stakeholders and the wider community. Accordingly the Board has adopted a Communications Policy which requires communication with shareholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Company.</p> <p>The Company's website (<a href="http://www.tassal.com.au">www.tassal.com.au</a>) is the primary means for shareholders to access communications and it has been designed to enable information to be accessed in a clear and readily accessible manner.</p> <p>The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of Tassal's strategy and goals and has developed guidelines for the format and content of Notices of Meetings.</p>	<ul style="list-style-type: none"> <li>• Communications Policy</li> <li>• Guidelines for Notices of Meetings</li> </ul>	
<b>Recommendation 6.2</b>	Provide the information set out in Guide to reporting on Principle 6.		Yes
Tassal Board Response	Tassal's Continuous Disclosure Policy is available for public inspection on the Company's website (Investors – Corporate Governance Policies Section), <a href="http://www.tassal.com.au">www.tassal.com.au</a>		

# Corporate Governance Statement (cont.)

Tassal Group Limited and Controlled Entities

		Reference material	Compliance
<b>Principle 7</b>	<b>Recognise and manage risk</b> <i>Establish a sound system of risk oversight and management and internal control.</i>		<b>Yes</b>
<b>Recommendation 7.1</b>	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.		Yes
Tassal Board Response	The Company has established policies for the oversight and management of material business risks, which are formalised in its "Procedures for the Oversight and Management of Material Business Risks" which is available on the Company's website (Investors – Corporate Governance Policies Section), <a href="http://www.tassal.com.au">www.tassal.com.au</a>	<ul style="list-style-type: none"> <li>• Procedures for the Oversight and Management of Material Business Risks</li> </ul>	
<b>Recommendation 7.2</b>	The Board should require management to design and implement the risk management and internal control system to manage Tassal's material business risks and report to it on whether those risks are being managed effectively.  The Board should disclose that management has reported to it as to the effectiveness of Tassal's management of its material business risks.		Yes
Tassal Board Response	Management has designed and implemented a comprehensive risk management and internal control system to manage Tassal's material business risks through the establishment and formalisation of Tassal's "Risk Map and Mitigation Plan". The Plan identifies and quantifies material business risks across Tassal and highlights management action plans and timelines for risk mitigation.  As part of this system, Management has reported to the Board and to the Audit and Risk Committee during the financial year as to the effectiveness of Tassal's management of its material business risks.	<ul style="list-style-type: none"> <li>• Procedures for the Oversight and Management of Material Business Risks</li> <li>• Audit and Risk Committee Charter</li> <li>• Board Charter</li> </ul>	
<b>Recommendation 7.3</b>	Disclose whether the Board has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.		Yes
Tassal Board Response	The Chief Executive Officer and Chief Financial Officer have respectively provided such assurance to the Board.	<ul style="list-style-type: none"> <li>• Audit and Risk Committee Charter</li> <li>• Refer section 11 of the Directors' Report</li> </ul>	
<b>Recommendation 7.4</b>	Provide the information indicated in Guide to reporting on Principle 7: <ul style="list-style-type: none"> <li>• Statement whether the Board has received the report from management under Recommendation 7.2.</li> </ul>		Yes
Tassal Board Response	The Board has received the report from management under Recommendation 7.2.		
	<ul style="list-style-type: none"> <li>• Statement whether the Board has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) under Recommendation 7.3.</li> </ul>		
Tassal Board Response	The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer under Recommendation 7.3.		



		Reference material	Compliance
<b>Principle 8</b>	<b>Remunerate fairly and responsibly</b> <i>Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.</i>		<b>Yes</b>
<b>Recommendation 8.1</b>	The Board should establish a Remuneration Committee.		Yes
Tassal Board Response	The Board has established a Remuneration and Nominations Committee. The Committee's charter sets out its roles, responsibilities, membership and meeting process.  The Committee is structured so that it consists of at least three Non-Executive Directors, all of whom must be independent.	<ul style="list-style-type: none"> <li>• Remuneration Report – section 20 of the Directors' Report</li> <li>• Remuneration and Nominations Committee Charter</li> </ul>	
<b>Recommendation 8.2</b>	The Remuneration Committee should <ul style="list-style-type: none"> <li>• consist of a majority of independent directors</li> <li>• be chaired by an independent Chair</li> <li>• have at least three members</li> </ul>		Yes
Tassal Board Response	The Committee consists of three independent directors.	<ul style="list-style-type: none"> <li>• Remuneration and Nominations Committee Charter</li> <li>• Refer sections 16 and 18 of the Directors' Report</li> </ul>	
<b>Recommendation 8.3</b>	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.		Yes
Tassal Board Response	Non-executive Directors receive a cash fee for service and have no entitlement to any performance-based remuneration or participation in any share-based incentive schemes. This policy reflects the differences in the role of the Non-executive Directors, which is to provide oversight and guide strategy, and of management, which is to operate the business and execute Tassal's strategy.  The remuneration packages of the Chief Executive Officer and Senior Executives may include a Short-term Incentive component that is linked to the overall financial and operational performance of Tassal and based on the achievement of specific Tassal and individual/team goals.  The Chief Executive Officer and Senior Executives may also be invited to participate in the Company's Long-term Incentive Plan. The long-term benefits of the Long-term Incentive Plan are conditional upon Tassal achieving certain performance criteria.  Details of Tassal's remuneration policies are set out in the Remuneration Report.	<ul style="list-style-type: none"> <li>• Remuneration Report – section 20 of the Directors' Report</li> </ul>	
<b>Recommendation 8.4</b>	Provide the information set out in Guide to Reporting on Principle 8. <ul style="list-style-type: none"> <li>• The names of the members of the Remuneration Committee and their attendance at meetings of the Committee.</li> </ul>		Yes
Tassal Board Response	This information is provided in the Directors' Report.	<ul style="list-style-type: none"> <li>• Refer sections 16 and 18 of the Directors' Report</li> </ul>	
Tassal Board Response	Non-executive Directors are not entitled to retain a retirement benefit beyond the statutory superannuation obligations.	<ul style="list-style-type: none"> <li>• Remuneration Report – section 20 of the Directors' Report</li> </ul>	

# Directors' Report

Tassal Group Limited and Controlled Entities

**The Directors present their report together with the Annual Financial Report of Tassal Group Limited (the *Company*) and the consolidated Annual Financial Report of the consolidated entity, being the Company and its controlled entities (the *Group*), for the year ended 30 June 2011 and the independent auditor's report thereon.**

## 1. Directors

At the date of this report, the Directors of the Company who held office at any time during or since the end of the financial year are:

### Name:

Mr Allan McCallum  
(Director since 7 October 2003)  
(Chairman since 27 June 2005)

Mr Mark Ryan – Chief Executive Officer  
(Director since 21 December 2005)

Mr David Groves  
(Director since 27 February 2007)

Mr Gary Helou  
(Director since 4 November 2010)

Mr Clive Hooke  
(Director since 4 November 2010)

Ms Jill Monk  
(Director since 7 October 2003)

Mr Roderick Roberts  
(Appointed 18 March 2005)  
(Resigned 9 December 2010)

Mr John Watson  
(Director since 7 October 2003)

## 2. Principal Activities

During the year the principal activities of the consolidated entity were the hatching, farming, processing, sales and marketing of Atlantic Salmon.

There were no significant changes in the nature of the activities of the consolidated entity during the year.

## 3. Dividends

During and since the end of the financial year the following dividends have been paid or declared:

- On 25 August 2010, the Directors declared a final unfranked dividend of 2.00 cents per ordinary share amounting to \$2.884 million in respect of the financial year ended 30 June 2010. The record date for determining entitlements to this dividend was 20 September 2010. The final dividend was paid on 11 October 2010.
- On 22 August 2011, the Directors declared a final unfranked dividend of 2.00 cents per ordinary share amounting to \$2.926 million in respect of the financial year ended 30 June 2011. The record date for determining entitlements to this dividend is 15 September 2011. The final dividend will be paid on 6 October 2011.

The Company will not have any franking credits available for distribution at the date of the final dividend payment. Franking credits will arise when the Company makes income tax payments.

The final dividend for the year ended 30 June 2011 has not been recognised in this Annual Financial Report because it was declared subsequent to 30 June 2011.

## 4. Review of Operations

The consolidated net profit after tax for the financial year was \$30.280 million. (For the financial year ended 30 June 2010: \$28.009 million).

The consolidated entity's revenue was \$222.618 million compared with \$212.790 million for the financial year to 30 June 2010.

Earnings before interest and tax (**EBIT**) was \$47.332 million compared with \$40.033 million the financial year to 30 June 2010.

Cash flow from operating activities was significantly utilised to underpin the growth of fish inventory and infrastructure investment which, in turn, will underpin future profitability.

Earnings per share (**EPS**) on a weighted average basis was 20.78 cents per share compared with 19.96 cents per share for the financial year to 30 June 2010.

Further details on review of operations and likely future developments are outlined in the Chairman's and CEO's Report on pages 2 to 10 of this Annual Report.

## 5. Changes in State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review not otherwise disclosed in this Directors' Report or the Annual Report.

## 6. Future Developments

Likely developments in the consolidated entity's operations have been commented on in a general nature in the Annual Financial Report. In particular, reference should be made to the joint Chairman's and CEO's Report. In the opinion of the Directors further information about likely developments in the operations of the consolidated entity and the expected results from those operations in future financial years has not been included because disclosure of the information would be likely to result in unreasonable prejudice to the consolidated entity.

## 7. Directors, Directors' Meetings and Directors' Shareholdings

The names of the Directors who held office during the financial year and details of current Directors' qualifications, Directors' interests in the Company, experience and special responsibilities and directorships of other listed entities are set out in sections 16 and 17 of this Directors' Report.

Details of Directors' meetings and meetings of Committees of Directors including attendances are set out in section 18 of this Directors' Report.

## 8. Events Subsequent to Balance Date

Except for the dividend declared after year end (refer to Note 2 to the financial statements), there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

## 9. Indemnification of Officers and Auditors

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company (as named above), the Company Secretary, Mr P. Jones and all Executive officers of the Company against a liability incurred as such a Director, Secretary or Executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

## 10. Environmental Regulation

The consolidated entity's operations are subject to Commonwealth and State regulations governing marine and hatchery operations, processing, land tenure and use, environmental requirements, including site specific environmental licences, permits, and statutory authorisations, workplace health and safety and trade and export.

The consolidated entity's management regularly and routinely monitor compliance with the relevant environmental regulations and compliance is regularly reported to the Board.

The consolidated entity has well established procedures to monitor and manage compliance with existing environmental regulations and new regulations as they come into force.

The consolidated entity employs a Head of Sustainability whose role is to ensure compliance with the regulatory framework and implement processes of continuous improvement with respect to environmental management.

Further details with respect to the consolidated entity's environmental policy, climate change policy and carbon footprint are outlined in the Chairman's and CEO's Report on pages 2 to 10 of the Annual Report.

The Directors believe that all regulations have been materially met during the period covered by this Annual Report and are not aware of any significant environmental incidents arising from the operations of the consolidated entity during the financial year.

## 11. Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors support the principles of good corporate governance.

The consolidated entity's statement on the main corporate governance practices in place during the year is set out on pages 11 to 19 of this Annual Report.

The Chief Executive Officer and Chief Financial Officer have declared, in writing to the Board, that the Company's Annual Report is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

The Company's Head of Risk has also provided a letter of assurance confirming that:

- the Company's risk management system is supported by a well-structured framework and policy, which is established based on the guidelines from AS/NZS 4360:2004 Risk Management and ASX Corporate Governance Principles and Recommendations;
- appropriate and adequate risk management and control monitoring and reporting mechanisms are in place; and
- the Company's risk management and internal compliance and risk related control systems are operating efficiently and effectively in all material respects.

# Directors' Report (cont.)

Tassal Group Limited and Controlled Entities

## 12. Auditor's Independence Declaration

There were no former partners or directors of Deloitte Touche Tohmatsu, the Company's auditor, who are or were at any time during the financial year an officer of the Company.

The auditor's independence declaration made under section 307C of the *Corporations Act 2001* is set out on page 37 and forms part of this Directors' Report.

## 13. Non-Audit Services

During the year Deloitte Touche Tohmatsu, the Company's auditor, has performed certain "non-audit services" for the consolidated entity in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice endorsed by unanimous resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- Non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing economic risks and rewards.

Details of the amounts paid to Deloitte Touche Tohmatsu for audit and non-audit services provided during the year are set out in Note 6 to the financial statements.

## 14. Proceedings on Behalf of the Company

There were no proceedings brought or intervened in on behalf of the Company with leave under section 237 of the *Corporations Act 2001*.

## 15. Share Options and Performance Rights

There were no options granted to Directors or any of the five most highly remunerated officers of the Company during or since the end of the financial year.

No options were exercised during or since the end of the financial year.

During the year 453,464 (2010: 608,298) performance rights were granted to the Chief Executive Officer and other members of the Company's Strategy Group pursuant to the Company's Long-term Incentive Plan.

Nil (2010: Nil) performance rights vested on 30 June 2011.

Refer to section 20 (g) (ii) of the Directors' Report for further details.

## 16. Information on Current Directors

Director	Qualifications and experience	Special responsibilities	Particulars of Directors' interests in ordinary shares, options and performance rights over ordinary shares in the Company
ALLAN McCALLUM (Chairman) Dip. Ag Science, FAICD	<p>Allan is a Non-executive Director of Incitec Pivot Limited and Medical Developments International Limited.</p> <p>Allan is a former Chairman of Vicgrain Limited and CRF Group Ltd and Deputy Chairman of Graincorp Limited.</p> <p>Allan has over 30 years experience in the primary industry sector with representation on industry bodies at state, national and international levels.</p>	<p>Chairman of the Board of Directors</p> <p>Independent Non-executive Director</p> <p>Chairman of the Remuneration and Nominations Committee</p>	256,761 Ordinary Shares
DAVID GROVES B.Com, M.Com, CA, FAICD	<p>David is a Non-executive Director of Equity Trustees Limited and Penrice Soda Holdings Limited. He is a Member of the MIR Management Limited Advisory Council and a Director of a number of private companies, including Pipers Brook Pty Limited. David is a Director of Kambala, a leading Australian girls' school in Sydney. He is formerly a Director of Mason Stewart Publishing, Non-executive Director of Graincorp Limited and Camelot Resources NL and an executive with Macquarie Bank Limited and its antecedent, Hill Samuel Australia.</p>	<p>Independent Non-executive Director</p> <p>Member of the Audit and Risk Committee</p>	29,203 Ordinary shares
GARY HELOU BE, M.Comm, FAICD, FAIM	<p>Gary has been appointed as the Managing Director of Murray Goulburn Co-operative, effective 3 October 2011.</p> <p>Gary was Chief Executive of Ricegrowers Limited for eleven years. In addition to his central role in leading Ricegrowers to being an integrated global company with strong capabilities in product and brand innovation, Gary has strong experience across a broad range of roles encompassing the international and domestic food and agricultural industries.</p>	<p>Independent Non-executive Director</p>	Nil
CLIVE HOOKE FCPA, FAICD	<p>Clive is a Non-executive director of Goodman Fielder Limited.</p> <p>Clive is a former Chairman of Astra Capital Limited and Big Brothers Big Sisters Australia Limited. Clive has many years of experience in the agribusiness and food sectors, including seven years as Chief Financial Officer of National Foods Limited, and extensive experience as a senior executive and business and financial consultant.</p>	<p>Independent Non-executive Director</p> <p>Member of the Audit and Risk Committee</p>	Nil
JILL MONK B.Arts, B.Law, FAICD, FAI	<p>Jill holds a Bachelor of Arts, a Bachelor of Law and a Fellowship of Insurance. She has over 30 years experience in company secretarial, commercial legal, business risk, compliance and human resources. Jill spent several years in private legal practice and in legal practice with various companies including CGU Insurance Limited. Jill held general management roles including responsibility for legal, superannuation and compliance and the role of Director of Human Resources. Jill held numerous directorships across the CGU Group.</p>	<p>Independent Non-executive Director</p> <p>Member of the Remuneration and Nominations Committee</p>	181,077 Ordinary Shares

# Directors' Report (cont.)

Tassal Group Limited and Controlled Entities

## 16. Information on Current Directors (cont.)

Director	Qualifications and experience	Special responsibilities	Particulars of Directors' interests in ordinary shares, options and performance rights over ordinary shares in the Company
JOHN WATSON AM, MAICD	<p>John is Non-executive Chairman of Incitec Pivot Limited, a Councillor of the Royal Agricultural Society of Victoria and a Member of the Rabobank Food and Agribusiness Advisory Board for Australia and New Zealand.</p> <p>John has had extensive experience in the food production and processing industries as a producer and Non-executive Director. He has been a Non-executive Director on many boards of listed and unlisted companies in Australia and New Zealand and has served on numerous advisory boards to State and Commonwealth governments.</p>	<p>Independent Non-executive Director</p> <p>Chairman of the Audit and Risk Committee</p> <p>Member of the Remuneration and Nominations Committee</p>	148,230 Ordinary Shares
MARK RYAN (Managing Director and Chief Executive Officer) B.Com, CA, MAICD, FAIM	<p>Mark is the Managing Director and Chief Executive Officer of Tassal Group Limited. Mark holds a Bachelor of Commerce and is a Chartered Accountant. Mark is a Director of AFL Tasmania, Salmon Enterprises of Tasmania Pty Ltd (Industry hatchery), Juicy Isle Pty Limited, Institute for Marine and Antarctic Science (IMAS) as well as a number of other industry related associations.</p> <p>Mark has over 21 years experience in the finance and turnaround management sector, with experience gained through PriceWaterhouseCoopers, Arthur Andersen and KordaMentha. Mark was previously a partner with KordaMentha.</p>	<p>Managing Director and Chief Executive Officer</p>	<p>370,584 Ordinary Shares</p> <p>289,461 Performance Rights</p>

The particulars of Directors' interests in ordinary shares, options and performance rights over ordinary shares disclosed above are as at the date of this Directors' Report and as notified by Directors to Australian Securities Exchange Limited in accordance with the S205G(1) of the *Corporations Act 2001*.



### 17. Directorships of Other Listed Companies

Directorships of other listed companies held by the Directors in the three years immediately before the end of the financial year are as follows:

Director	Company	Period of Directorship (last 3 years)
A. McCallum	Medical Developments International Limited	Throughout
	Incitec Pivot Limited	Throughout
D. Groves	Graincorp Limited	August 1994 to May 2009
	Equity Trustees Limited	Throughout
	Penrice Soda Holdings Limited	Since 22 December 2010
G. Helou	Ricegrowers Limited	Throughout
C. Hooke	Goodman Fielder Limited	Throughout
	Astra Capital Limited	November 2007 to 2 March 2011
J. Monk		None held
M. Ryan		None held
J. Watson	Incitec Pivot Limited	Throughout

### 18. Directors' Meetings

The following table sets out the number of Directors' meetings (including meetings of Committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or Committee Member). During the financial year, 16 Board meetings, 3 Remuneration and Nominations Committee meetings and 6 Audit and Risk Committee meetings were held.

Director	Board of Directors meetings		Audit and Risk Committee meetings		Remuneration and Nominations Committee meetings	
	Number held	Number attended	Number held	Number attended	Number held	Number attended
D. Groves	16	16	6	6	*	*
G. Helou	11	8	*	*	*	*
C. Hooke	11	10	2	2	*	*
A. McCallum	16	16	*	*	3	3
J. Monk	16	15	4	4	3	3
R. Roberts	5	5	*	*	*	*
M. Ryan	16	16	*	*	*	*
J. Watson	16	16	6	6	3	3

(\* not a committee member)

### 19. Company Secretary

Peter Arthur Stuart Jones LLB, B.Surv., MAICD

Mr Jones was admitted as a Solicitor of the Supreme Court of New South Wales in 1990 and is currently entitled to practice as a legal practitioner in Tasmania. Mr Jones worked at the law firm of Allens Arthur Robinson for 25 years, including 14 years as a partner. Mr Jones also acts as General Counsel and is a member of the Company's Strategy Group.

# Directors' Report (cont.)

Tassal Group Limited and Controlled Entities

## 20. Remuneration Report – Audited

### (a) Introduction

This Remuneration Report outlines the Company's overall reward strategy for the year ended 30 June 2011 and provides detailed information on the remuneration arrangements in this period for the Directors of the Company including the Managing Director and Chief Executive Officer, other Key Management Personnel and other employees. Key Management Personnel have the authority and responsibility for planning, directing and controlling the activities of the Company and comprise part of the five Executives receiving the highest remuneration for the year ended 30 June 2011.

The Remuneration Report forms part of the Directors' Report and has been prepared in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Tassal's remuneration policy may be amended from time to time and is reviewed at least once a year. This may result in changes being made to the policy for the year ending 30 June 2012.

### (b) Remuneration Philosophy

The Remuneration and Nominations Committee is responsible for making recommendations to the Board on remuneration policies and packages applicable to Directors, the Managing Director and Chief Executive Officer and the Senior Executives. The primary objectives of the remuneration policy are to provide a competitive, flexible and benchmarked structure that reflects market best practice, is tailored to the specific circumstances of the Company and which reflects the person's duties and responsibilities so as to attract, motivate and retain people of the appropriate quality.

Remuneration levels are competitively set to attract appropriately qualified and experienced Directors and executives. The Remuneration and Nominations Committee obtains independent advice on the level of remuneration packages. The remuneration packages of the Managing Director and Chief Executive Officer and Senior Executives may include a short-term incentive component that is linked to the overall financial and operational performance of the Company and based on the achievement of specific Company and individual/team goals. The Managing Director and Chief Executive Officer and the Senior Executives may also be invited to participate in the Company's Long-term Incentive Plan (**LTI Plan**). The long-term benefits of the LTI Plan are conditional upon the Company achieving certain performance criteria, details of which are outlined below.

### (c) Remuneration Structure

In accordance with best practice corporate governance, the structure of Non-executive Director remuneration is separate and distinct from executive remuneration.

### (d) Relationship between the Remuneration Policy and Company performance

The Consolidated entity's key operations performance indicators in the financial year ended 30 June 2011 and the previous four financial years are summarised below.

	30 June 2011	30 June 2010	30 June 2009	30 June 2008	30 June 2007
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue (from all sources)	225,635	216,775	195,753	162,591	140,533
Net profit before tax	40,580	34,568	39,112	27,043	28,157
Net profit after tax	30,280	28,009	30,084	20,467	20,145

	30 June 2011	30 June 2010	30 June 2009	30 June 2008	30 June 2007
<b>Share price:</b>					
Share price at the start of the year	\$1.41	\$1.94	\$2.60	\$3.32	\$1.13
Share price at the end of the year	\$1.41	\$1.41	\$1.94	\$2.60	\$3.32
<b>Dividend per share:</b>					
Interim dividend (unfranked)	N/A	\$0.0400	\$0.0400	\$0.0300	\$0.0250
Final dividend (unfranked)	\$0.0200	\$0.0200	\$0.0400	\$0.0350	\$0.0275
	\$0.0200	\$0.0600	\$0.0800	\$0.0650	\$0.0525
<b>Earnings per share:</b>					
Basic	\$0.2078	\$0.1996	\$0.2220	\$0.1646	\$0.1764
Diluted	\$0.2070	\$0.1993	\$0.2209	\$0.1639	\$0.1757

The consolidated entity ultimately assesses its performance from increases in earnings and shareholder value. The performance measures for both the Company's Short-term Incentive Plan (**STI Plan**) and LTI Plan have been tailored to align at-risk remuneration and performance hurdle thresholds to the delivery of financial and operational objectives and sustained shareholder value growth.

Over the past 5 years the consolidated entity has achieved the following compound annual growth rates:

- Revenue (from all sources) - 12.57%
- Net profit after tax - 10.73%
- Basic earnings per share - 4.18%

**(e) Components of Compensation – Non-executive Directors**

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-executive Directors shall be determined from time to time by a general meeting. Currently, the aggregate remuneration threshold is set at \$600,000 as approved by shareholders at the AGM on 2 November 2007. Legislated superannuation contributions made in respect of Non-executive Directors are included in determining this shareholder approved maximum aggregate annual pool limit.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board reviews its fees to ensure the Company's Non-executive Directors are fairly remunerated for their services, recognising the level of skill and experience required to fulfil the role, and to have in place a fee scale which enables the Company to attract and retain talented Non-executive Directors. In conducting a review the Board regularly takes advice from an external independent remuneration consultant. The process involves benchmarking against a group of peer companies.

Non-executive Directors receive a cash fee for service and have no entitlement to any performance-based remuneration or participation in any share-based incentive schemes. This policy reflects the differences in the role of the Non-executive Directors, which is to provide oversight and guide strategy, and the role of management, which is to operate the business and execute the Company's strategy. Non-executive Directors are not subject to a minimum shareholding requirement.

Each Non-executive Director receives a fee for being a Director of the Company. An additional fee is also paid for being a member of the Board's Remuneration and Nominations Committee and Audit and Risk Committee. The payment of an additional fee recognises the additional time commitment required by Directors who serve on those committees.

Fees payable to the Non-executive Directors of the Company for the 2011 financial year (inclusive of legislated superannuation contributions) were as follows:

	Base	Remuneration and Nominations Committee	Audit and Risk Committee
Chairman of the Board	\$158,222	N/A	N/A
Each other Non-executive Director	\$60,240	\$6,374	\$9,251

The Chairman of the Audit and Risk Committee received an additional \$9,251 for chairing that Committee.

**(f) Components of Compensation – Chief Executive Officer and Other Senior Executives**

**(i) Structure**

The Company aims to reward the Chief Executive Officer and Senior Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group, and so as to:

- reward them for Company, business unit and individual performance against targets set by reference to appropriate benchmarks and key performance indicators;
- align their interests with those of shareholders; and
- ensure total remuneration is competitive by market standards.

Remuneration consists of both fixed and variable remuneration components. The variable remuneration component consists of the STI Plan and the LTI Plan.

The proportion of fixed remuneration and variable remuneration (potential short-term and long-term incentives) is established for the Chief Executive Officer by the Board and for each Senior Executive by the Board following recommendations from the Chief Executive Officer and the Remuneration and Nominations Committee.

The Chief Executive Officer's and Senior Executives' remuneration packages are all respectively subject to Board approval.

**(ii) Fixed annual remuneration**

Remuneration levels are reviewed annually to ensure that they are appropriate for the responsibility, qualifications and experience of the Chief Executive Officer and each Senior Executive and are competitive with the market.

The Chief Executive Officer and Senior Executives have the option to receive their fixed annual remuneration in cash and a limited range of prescribed fringe benefits such as a motor vehicle and car parking. The total employment cost of any remuneration package, including fringe benefits tax, is taken into account in determining an employee's fixed annual remuneration.

# Directors' Report (cont.)

Tassal Group Limited and Controlled Entities

## (iii) Variable remuneration – STI Plan

The objective of the STI Plan is to link the achievement of the annual operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the executive to achieve the operational targets such that the cost to the Company is reasonable in the circumstances.

Actual STI payments granted to the Chief Executive Officer and each Senior Executive depend on the extent to which specific operational targets, set at the beginning of the year, are met. The operational targets may include a weighted combination of:

- meeting a pre-determined growth target in consolidated entity net profit after tax over the prior year;
- meeting strategic objectives; and
- assessed personal effort and contribution.

The Remuneration and Nominations Committee consider the performance against targets, and determine the amount, if any, to be allocated to the Chief Executive Officer and each Senior Executive. STI payments are delivered as a cash bonus.

The target STI % range for the Chief Executive Officer and named Senior Executives and other Key Management Personnel in respect of the financial year ended 30 June 2011 is detailed below.

Executive	Minimum STI calculated on fixed annual remuneration*	Maximum STI calculated on fixed annual remuneration*
M. Ryan	15%	60%
M. Asman	-	-
P. Bennett	7.5%	30%
A. Creswell	7.5%	30%
P. Jones	7.5%	30%
D. Kiemele	7.5%	30%
K. Little	7.5%	30%
J. O'Connor	7.5%	30%
L. Sams	7.5%	30%
D. Williams	7.5%	30%

\* Fixed annual remuneration is comprised of base salary, superannuation and benefits provided through salary sacrificing arrangements.

Tassal's STI for FY2011 was directly linked to the Company's net profit after tax (NPAT) performance on the following basis:

30 June 2011		30 June 2010	
NPAT <sup>(i)</sup> Threshold \$'000	% of STI Triggered %	NPAT <sup>(i)</sup> Threshold \$'000	% of STI Triggered %
<\$23,700	Nil	<\$26,200	Nil
\$23,700	25%	\$26,200	25%
\$23,700 – \$27,000	25% – 100%	\$26,201 – \$32,199	25% – 100%
>\$27,000	100%	>\$32,200	100%

(i) (Derivation of NPAT for the purposes of calculating the STI payment is determined excluding the impact of applying AASB 141 'Agriculture').

The Chief Executive Officer and Senior Executives received 0% (2010: 0%) of their respective FY2011 maximum STI entitlements.

The Board considers the FY2011 NPAT thresholds represented significant and challenging targets having regard to the challenging market conditions faced by the Company in FY2011.

(iv) Variable remuneration – LTI Plan

The LTI Plan has been designed to link employee reward with key performance indicators that drive sustainable growth in shareholder value over the long term. The objectives of the LTI Plan are to:

- align the Chief Executive Officer's and Senior Executives' interests with those of shareholders;
- help provide a long term focus; and
- retain high calibre senior employees by providing an attractive equity-based incentive that builds an ownership of the Company mindset.

Under the LTI Plan, the Chief Executive Officer and Senior Executives are granted performance rights which will only vest on the achievement of certain performance hurdles and service conditions. An offer may be made under the LTI Plan to the Chief Executive Officer and Senior Executives each financial year and is based on individual performance as assessed by the annual appraisal process. If a Senior Executive does not sustain a consistent level of high performance they will not be nominated for LTI Plan participation. The Remuneration and Nominations Committee reviews all nominated Senior Executives, with participation subject to final Board approval. In accordance with the ASX Listing Rules approval from shareholders is obtained before participation in the LTI Plan commences for the Chief Executive Officer.

Each grant of performance rights is subject to specific performance hurdles. The extent to which the performance hurdles have been met will be assessed by the Board at the expiry of a three year performance period.

The Board has retained the discretion to vary the performance hurdles and criteria for each offer under the LTI Plan. Once the Board has prescribed the performance hurdles for a specific offer under the LTI Plan, those performance hurdles cannot be varied in respect of that offer.

If a change of control occurs during a performance period, the pro-rated number of performance rights held by a participant (calculated according to the part of the performance period elapsed prior to the change of control) is determined and to the extent the performance hurdles have been met those pro-rated performance rights will vest.

Performance rights granted during the financial year ended 30 June 2011:

The performance hurdle for the grants of performance rights to the Chief Executive Officer and Senior Executives in the financial year ended 30 June 2011 is based on the Company's EPS and TSR growth over the performance period of the three years from 30 June 2010 (being the **Base Year**) to 30 June 2013 (the **Performance Period**) and are summarised as follows.

**Earnings Per Share Hurdle ('EPS')** (Applies to 50% of performance rights granted in the financial year ended 30 June 2011).

The EPS hurdle requires that the Company's EPS growth over the Performance Period must be greater than the target set by the Board. The EPS target growth rate is linked to the Company's Strategic Plan FY2015. The EPS hurdle was chosen as it provides evidence of the Company's growth in earnings. The hurdle is as follows:

- if the compound average annual EPS growth rate over the Performance Period compared to the Base Year is less than 10% no performance rights will vest;
- if the compound average annual EPS growth rate over the Performance Period compared to the Base Year is equal to 10% but less than 20%, the portion of performance rights vesting will be increased on a pro-rata basis between 50% and 100%; or
- if the compound average annual EPS growth over the Performance Period compared to the Base Year is equal or greater than 20%, all of the performance rights granted (and attached to this hurdle) will vest.

**Total Shareholder Return Hurdle ('TSR')** (Applies to 50% of performance rights granted in the financial year ended 30 June 2011).

The TSR hurdle requires that the Company's TSR must be at least equal to the TSR of the entity which is at the median of the Company's comparator group (the comparator group) ranked by their TSR performance. The comparator group is the S&P/ASX 300. TSR is defined as share price growth and dividends paid and reinvested on the ex-dividend date (adjusted for rights, bonus issues and any capital reconstructions) measured from the time of issue to the time of vesting.

# Directors' Report (cont.)

Tassal Group Limited and Controlled Entities

The TSR performance hurdle was chosen as it is recognised as an indicator of shareholder value creation. The comparator group for TSR purposes has been chosen as it represents the group with whom the Company competes for shareholders' capital. The hurdle is as follows:

- if Tassal's TSR performance over the Performance Period is below the TSR of the entity which is at the median (50th percentile) of the comparator group, no performance rights will vest;
- if Tassal's TSR performance over the Performance Period is between the 50th percentile and 75th percentile of the comparator group, the proportion of performance rights vesting will be increased on a pro-rata basis between 50% and 100%; or
- if Tassal's TSR performance over the Performance Period is equal to or above the TSR of the entity which is at the 75th percentile of the comparator group, all of the performance rights (and attached to this hurdle) will vest.

The TSR calculation, once completed, will be independently reviewed.

The Board considers that the selection and structuring of both absolute (EPS) and relative (TSR) performance hurdles provides a suitably balanced approach to creating long term shareholder value whilst ensuring that rewards reflect sustainable performance results.

The performance hurdles have been aligned with the performance expectations underlying the delivery of the Company's Strategic Plan FY2015.

The minimum and maximum percentage of the Chief Executive Officer's, named Senior Executives' and other Key Management Personnel's fixed annual remuneration applicable to performance rights granted during the financial year ended 30 June 2011 is detailed below.

Executive	Minimum LTI calculated on fixed annual remuneration*	Maximum LTI calculated on fixed annual remuneration*
M. Ryan	12.5%	50%
M. Asman	-	-
P. Bennett	7.5%	30%
A. Creswell	7.5%	30%
P. Jones	7.5%	30%
D. Kiemele	7.5%	30%
K. Little	7.5%	30%
J. O'Connor	7.5%	30%
L. Sams	7.5%	30%
D. Williams	7.5%	30%

\* Fixed annual remuneration is comprised of base salary, superannuation and benefits provided through salary sacrificing arrangements.

## Performance rights granted during the financial year ended 30 June 2010:

The performance hurdle for the grants of performance rights to the Chief Executive Officer and Senior Executives in the financial year ended 30 June 2010 is based on EPS growth over the Performance Period of the three years from 30 June 2009 (being the **Base Year**) to 30 June 2012 and is summarised as follows.

**Earnings Per Share Hurdle ('EPS')** (Applies to 50% of performance rights granted in the financial year ended 30 June 2010).

The EPS hurdle requires that the Company's EPS growth over the Performance Period must be greater than the target set by the Board. The EPS target growth rate is linked to the Company's Strategic Plan FY2015. The EPS hurdle was chosen as it provides evidence of the Company's growth in earnings. The hurdle is as follows:

- if the compound average annual EPS growth rate over the Performance Period compared to the Base Year is less than 10% no performance rights will vest;
- if the compound average annual EPS growth rate over the Performance Period compared to the Base Year is equal to 10% but less than 20%, the portion of performance rights vesting will be increased on a pro-rata basis between 50% and 100%; or
- if the compound average annual EPS growth rate over the Performance Period compared to the Base Year is equal or greater than 20%, all of the performance rights granted (and attached to this hurdle) will vest with the Executive.

**Total Shareholder Return Hurdle ('TSR')** (Applies to 50% of performance rights granted in the financial year ended 30 June 2010).

The TSR hurdle requires that the Company's TSR must be at least equal to the TSR of the entity which is at the median of the Company's comparator group (the **comparator group**) ranked by their TSR performance. The comparator group is the S&P/ASX 300. TSR is defined as share price growth and dividends paid and reinvested on the ex-dividend date (adjusted for rights, bonus issues and any capital reconstructions) measured from the time of issue to the time of vesting.



The TSR performance hurdle was chosen as it is recognised as an indicator of shareholder value creation. The comparator group for TSR purposes has been chosen as it represents the group with whom the Company competes for shareholders' capital. The hurdle is as follows:

- if Tassal's TSR performance over the Performance Period is below the TSR of the entity which is at the median (50th percentile) of the comparator group, no performance rights will vest;
- if Tassal's TSR performance over the Performance Period is between the 50th percentile and 75th percentile of the comparator group, the proportion of performance rights vesting will be increased on a pro-rata basis between 50% and 100%; or
- if Tassal's TSR performance over the Performance Period is equal to or above the TSR of the entity which is at the 75th percentile of the comparator group, all of the performance rights (and attached to this hurdle) will vest.

The TSR calculation, once completed, will be independently reviewed.

The Board considers that the selection and structuring of both absolute (EPS) and relative (TSR) performance hurdles provides a suitably balanced approach to creating long term shareholder value whilst ensuring that rewards reflect sustainable performance results.

The performance hurdles have been aligned with the performance expectations underlying the delivery of the Company's Strategic Plan FY2015.

The minimum and maximum percentage of the Chief Executive Officer's, named Senior Executives' and other Key Management Personnel's fixed annual remuneration applicable to performance rights granted during the financial year ended 30 June 2010 is detailed below.

Executive	Minimum LTI calculated on fixed annual remuneration*	Maximum LTI calculated on fixed annual remuneration*
M. Ryan	12.5%	50%
M. Asman	10%	35%
P. Bennett	7.5%	30%
A. Creswell	7.5%	30%
P. Jones	7.5%	30%
D. Kiemele	7.5%	30%
K. Little	7.5%	30%
J. O'Connor	7.5%	30%
L. Sams	7.5%	30%
D. Williams	2.5%	10%

\* Fixed annual remuneration is comprised of base salary, superannuation and benefits provided through salary sacrificing arrangements.

#### Performance rights to be granted for the financial year ended 30 June 2012:

Since the end of the financial year, the Board has approved the following LTI Plan dual performance hurdle structure for performance rights to be granted during the financial year ending 30 June 2012.

The performance hurdles for the grants of performance rights to the Chief Executive Officer and Senior Executives in the financial year ended 30 June 2012 will be based on the Company's EPS and TSR growth over the performance period of the three years from 30 June 2011 (being the **Base Year**) to 30 June 2014 (the **Performance Period**) and are summarised as follows.

**Earnings Per Share Hurdle ('EPS')** (Applies to 50% of performance rights granted in the financial year ended 30 June 2012)

The EPS hurdle requires that the Company's EPS growth over the Performance Period must be greater than the target set by the Board. The EPS target growth rate is linked to the Company's Strategic Plan FY2016. The EPS hurdle was chosen as it provides evidence of the Company's growth in earnings. The hurdle is as follows:

- if the compound average annual EPS growth rate over the Performance Period compared to the Base Year is less than 10% no performance rights will vest;
- if the compound average annual EPS growth rate over the Performance Period compared to the Base Year is equal to 10% but less than 20%, the portion of performance rights vesting will be increased on a pro-rata basis between 50% and 100%; or
- if the compound average annual EPS growth over the Performance Period compared to the Base Year is equal or greater than 20%, all of the performance rights granted (and attached to this hurdle) will vest.

**Total Shareholder Return Hurdle ('TSR')** (Applies to 50% of performance rights granted in the financial year ended 30 June 2012)

The TSR hurdle requires that the Company's TSR must be at least equal to the TSR of the entity which is at the median of the Company's comparator group (the comparator group) ranked by their TSR performance. The comparator group is the S&P/ASX 300. TSR is defined as share price growth and dividends paid and reinvested on the ex-dividend date (adjusted for rights, bonus issues and any capital reconstructions) measured from the time of issue to the time of vesting.

# Directors' Report (cont.)

Tassal Group Limited and Controlled Entities

The TSR performance hurdle was chosen as it is recognised as an indicator of shareholder value creation. The comparator group for TSR purposes has been chosen as it represents the group with whom the Company competes for shareholders' capital. The hurdle is as follows:

- if Tassal's TSR performance over the Performance Period is below the TSR of the entity which is at the median (50th percentile) of the comparator group, no performance rights will vest;
- if Tassal's TSR performance over the Performance Period is between the 50th percentile and 75th percentile of the comparator group, the proportion of performance rights vesting will be increased on a pro-rata basis between 50% and 100%; or
- if Tassal's TSR performance over the Performance Period is equal to or above the TSR of the entity which is at the 75th percentile of the comparator group, all of the performance rights (and attached to this hurdle) will vest.

The TSR calculation, once completed, will be independently reviewed.

The Board considers that the selection and structuring of both absolute (EPS) and relative (TSR) performance hurdles provides a suitably balanced approach to creating long term shareholder value whilst ensuring that rewards reflect sustainable performance results.

The performance hurdles have been aligned with the performance expectations underlying the delivery of the Company's Strategic Plan FY2016.

The minimum and maximum percentage of the Chief Executive Officer's, named senior Executives' and other Key Management Personnel's fixed annual remuneration applicable to performance rights granted during the financial year ended 30 June 2012 is detailed below.

Executive	Minimum LTI calculated on fixed annual remuneration*	Maximum LTI calculated on fixed annual remuneration*
M. Ryan	12.5%	50%
P. Bennett	7.5%	30%
A. Creswell	7.5%	30%
P. Jones	7.5%	30%
D. Kiemele	7.5%	30%
K. Little	7.5%	30%
J. O'Connor	7.5%	30%
L. Sams	7.5%	30%
D. Williams	7.5%	30%

\* Fixed annual remuneration is comprised of base salary, superannuation and benefits provided through salary sacrificing arrangements.

## (v) Contract for services – Chief Executive Officer

The structure of the Chief Executive Officer's compensation is in accordance with his employment agreement. The Chief Executive Officer's employment agreement is for an indefinite term. The Company may terminate the agreement by providing six months' notice and the Chief Executive Officer may terminate the agreement by providing three months' notice to the Company. There are no termination benefits beyond statutory leave and superannuation obligations associated with the Chief Executive Officer's termination in accordance with these notice requirements or in circumstances where notice is not required pursuant to his employment agreement.

## (vi) Contract for services – Senior Executives

The terms on which the Senior Executives are engaged provide for termination by either the executive or the Company on three months' notice. There are no termination benefits beyond statutory leave and superannuation obligations associated with these notice requirements.

**(g) Key Management Personnel Compensation**

**(i) Identity of Key Management Personnel**

The following were Key Management Personnel of the consolidated entity at any time during the financial year and unless otherwise indicated were Key Management Personnel for the entire period.

**Directors:**

<b>Name</b>	<b>Title</b>
A. McCallum	Chairman, Non-executive Director
M. Ryan	Chief Executive Officer and Managing Director
D. Groves	Non-executive Director
G. Helou <sup>1</sup>	Non-executive Director
C. Hooke <sup>1</sup>	Non-executive Director
J. Monk	Non-executive Director
R. Roberts <sup>2</sup>	Non-executive Director
J. Watson	Non-executive Director

**Notes:**

1. From 4 November 2010
2. Until 9 December 2010

**Other Key Management Personnel:**

<b>Name</b>	<b>Title</b>
M. Asman <sup>1</sup>	Chief Operating Officer
P. Bennett <sup>2</sup>	Head of Processing
A. Creswell	Chief Financial Officer
P. Jones	General Counsel and Company Secretary
D. Kiemele <sup>2</sup>	Head of Farming
K. Little	Head of Human Resources, QA and OH&S
J. O'Connor	Head of Risk
L. Sams	Head of Sustainability
D. Williams	Head of Sales and Marketing

**Notes:**

1. Until 28 January 2011
2. From 28 January 2011

**(ii) Compensation of Key Management Personnel and Executive Officers**

Details of the nature and amount of each major element of the remuneration of each Key Management Personnel and each of the named Executive Officers of the Company and the consolidated entity receiving the highest remuneration are set out below. The remuneration tables are calculated on an accrual basis and only include remuneration relating to the portion of the relevant periods that each individual was a Key Management Personnel or Executive Officer of the Company.

# Directors' Report (cont.)

Tassal Group Limited and Controlled Entities

Directors:		Short-term employment benefits			Post employment		Share-based payment		Other	Total \$
		Salary & Fees <sup>1</sup> \$	Bonus <sup>2</sup> \$	Non-monetary <sup>3</sup> \$	Super-annuation \$	Prescribed Benefits \$	Equity settled Shares <sup>4</sup> \$	Performance Rights <sup>5</sup> \$	Termination <sup>6</sup> Benefits \$	
D. Groves	2011	62,223	-	-	5,732	-	-	-	-	67,955
	2010	61,896	-	-	5,571	-	-	-	-	67,467
G. Helou Appointed 04.11.10	2011	36,561	-	-	3,290	-	-	-	-	39,851
	2010	-	-	-	-	-	-	-	-	-
C. Hooke Appointed 04.11.10	2011	40,951	-	-	3,686	-	-	-	-	44,637
	2010	-	-	-	-	-	-	-	-	-
A. McCallum (Chairman)	2011	145,001	-	-	13,050	-	-	-	-	158,051
	2010	140,930	-	-	12,684	-	-	-	-	153,614
J. Monk	2011	64,923	-	-	5,843	-	-	-	-	70,766
	2010	67,574	-	-	6,082	-	-	-	-	73,656
R. Roberts Resigned 09.12.10	2011	24,385	-	-	2,195	-	-	-	-	26,580
	2010	53,656	-	-	4,829	-	-	-	-	58,485
M. Ryan – Chief Executive Officer	2011	498,599	-	19,516	15,444	-	-	74,403	-	607,962
	2010	525,642	-	16,840	25,100	-	-	(3,074)	-	564,508
J. Watson	2011	78,004	-	-	7,020	-	-	-	-	85,024
	2010	75,814	-	-	6,823	-	-	-	-	82,637
<b>Other Key Management Personnel and Executive Officers:</b>										
M. Asman *	2011	129,137	-	-	11,179	-	-	-	34,683	174,999
Resigned on 28.01.11	2010	296,313	-	-	24,397	-	-	(1,195)	-	319,515
P. Bennett *	2011	171,314	-	303	13,724	-	-	15,075	-	200,416
Appointed as Key Management on 28.01.11	2010	-	-	-	-	-	-	-	-	-
N. Burrows *	2011	-	-	-	-	-	-	-	-	-
Resigned 18.12.09	2010	90,198	-	3,575	14,362	-	-	(9,254)	-	98,882
A. Creswell *	2011	201,100	-	1,305	16,228	-	-	16,085	-	234,718
Appointed 18.12.09	2010	185,416	-	1,517	17,565	-	-	(588)	-	203,910
P. Jones *	2011	258,948	-	1,305	20,604	-	-	22,345	-	303,202
Appointed 18.12.09	2010	123,899	-	333	10,400	-	-	9,062	-	143,693
D. Kiemle *	2011	144,537	-	-	12,159	-	-	12,268	-	168,964
Appointed as Key Management on 28.01.11	2010	-	-	-	-	-	-	-	-	-
K. Little *	2011	173,032	-	2,489	14,570	-	-	16,085	-	206,176
	2010	171,340	-	3,911	17,377	-	-	(500)	-	192,128
J. O'Connor *	2011	179,410	-	1,305	14,032	-	-	14,983	-	209,730
Appointed 15.01.10	2010	155,967	-	1,517	17,502	-	-	(491)	-	174,495
L. Sams *	2011	164,436	-	1,305	13,143	-	-	15,194	-	194,078
Appointed 02.07.09	2010	155,325	-	1,139	12,711	-	-	6,162	-	175,337
A. Sloman **	2011	-	-	-	-	-	-	-	-	-
	2010	173,443	-	3,393	19,550	-	-	4,011	-	200,397
D. Williams *	2011	205,116	-	14,820	19,170	-	-	15,404	-	254,510
	2010	229,786	-	14,820	20,479	-	-	(291)	-	264,794
<b>Total</b>	<b>2011</b>	<b>2,577,678</b>	<b>-</b>	<b>42,347</b>	<b>191,068</b>	<b>-</b>	<b>-</b>	<b>201,842</b>	<b>34,683</b>	<b>3,047,618</b>
Total	2010	2,507,199	-	47,045	215,432	-	-	3,842	-	2,773,518

\* Designated Key Management Personnel

\*\* Ceased being one of the five highest paid company executives on 01.07.10

No Key Management Personnel or Executive Officer appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

(The elements of the remuneration packages in the above table have been determined on a cost to the Company and the consolidated entity basis and reflect the relevant respective periods of service).

- Salary and fees includes salary and leave on an accruals basis.
- Cash bonuses relate to performance bonuses and amounts payable pursuant to the STI Plan. The Chief Executive Officer and other Executive Officers received 0% (2010: 0%) of their respective STI maximum entitlement based on the STI percentages disclosed in section f (iii) of the Remuneration Report.

3. Non-monetary benefits include sundry benefits relating to Fringe Benefits Tax.

4. The notional value ascribed to the allocation of ordinary shares to the Executive pursuant to satisfaction of conditions on vesting of performance rights under the LTI Plan.

5. Performance rights valuation has been determined in line with the requirements of AASB 2 'Share-based Payments'. AASB 2 requires the measurement of the fair value of the performance rights at the grant date and then to have that value apportioned in equal amounts over the period from grant date to vesting date. A value has been placed on performance rights using a Monte Carlo simulation model. Details of performance rights on issue are set out in the following tables.

6. Termination benefits include notice or redundancy payments where applicable.

**Analysis of LTI performance rights granted as remuneration**

Details of the vesting profile of the performance rights granted as remuneration to the Chief Executive Officer and each of the named Executive officers are summarised below:

**Performance rights granted during the financial year ended 30 June 2011**

	Number	Grant date	Vested during the year %	Forfeited during the year <sup>1</sup> %	Year in which the grant vests	Value yet to vest	
						Minimum <sup>2</sup> \$	Maximum <sup>3</sup> \$
<b>Director:</b>							
M. Ryan	160,543	10 Nov 2010	-	-	30 June 2013	Nil	199,555
<b>Executive Officers:</b>							
P. Bennett	32,529	10 Nov 2010	-	-	30 June 2013	Nil	40,436
A. Creswell	37,448	10 Nov 2010	-	-	30 June 2013	Nil	46,548
P. Jones	48,214	10 Nov 2010	-	-	30 June 2013	Nil	59,930
D. Kiemele	28,086	10 Nov 2010	-	-	30 June 2013	Nil	34,913
K. Little	35,976	10 Nov 2010	-	-	30 June 2013	Nil	44,718
J. O'Connor	32,329	10 Nov 2010	-	-	30 June 2013	Nil	40,185
L. Sams	32,786	10 Nov 2010	-	-	30 June 2013	Nil	40,753
D. Williams	45,553	10 Nov 2010	-	-	30 June 2013	Nil	56,622

(1) The % forfeited in the year represents the reduction from the maximum number of performance rights available to vest due to performance criteria not being achieved.

(2) The minimum value of performance rights yet to vest is \$nil as the performance criteria may not be met and consequently the right may not vest.

(3) The maximum values presented above represents an estimate of the maximum possible value of the performance rights to be recognised based on the fair value at grant date of \$1.243.

**Performance rights granted during the financial year ended 30 June 2010**

	Number	Grant date	Vested during the year %	Forfeited during the year <sup>1</sup> %	Year in which the grant vests	Value yet to vest	
						Minimum <sup>2</sup> \$	Maximum <sup>3</sup> \$
<b>Director:</b>							
M. Ryan	128,918	9 Nov 2009	-	-	30 June 2012	Nil	187,189
<b>Executive Officers:</b>							
M. Asman	50,133	9 Nov 2009	-	100%	30 June 2012	Nil	Nil
P. Bennett	26,121	9 Nov 2009	-	-	30 June 2012	Nil	37,928
N. Burrows	36,580	9 Nov 2009	-	100%	-	Nil	Nil
A. Creswell	24,645	9 Nov 2009	-	-	30 June 2012	Nil	35,785
P. Jones	38,717	18 Dec 2009	-	-	30 June 2012	Nil	56,217
D. Kiemele	19,358	9 Nov 2009	-	-	30 June 2012	Nil	28,108
K. Little	26,379	9 Nov 2009	-	-	30 June 2012	Nil	38,302
J. O'Connor	25,961	9 Nov 2009	-	-	30 June 2012	Nil	37,695
L. Sams	26,327	9 Nov 2009	-	-	30 June 2012	Nil	38,227
A. Sloman	27,566	9 Nov 2009	-	-	30 June 2012	Nil	40,026
D. Williams	12,193	9 Nov 2009	-	-	30 June 2012	Nil	17,704

(1) The % forfeited in the year represents the reduction from the maximum number of performance rights available to vest due to performance criteria not being achieved.

(2) The minimum value of performance rights yet to vest is \$nil as the performance criteria may not be met and consequently the right may not vest.

(3) The maximum values presented above represents an estimate of the maximum possible value of the performance rights to be recognised based on the fair value at grant date of \$1.452.

# Directors' Report (cont.)

Tassal Group Limited and Controlled Entities

## Performance rights granted during the financial year ended 30 June 2009

	Number	Grant date	Vested during the year %	Forfeited during the year <sup>1</sup> %	Year in which the grant vests	Value vested during the year <sup>2</sup> \$	Value lapsed during the year <sup>3</sup> \$
<b>Director:</b>							
M. Ryan	97,413	6 Nov 2008	-	-	30 June 2011	Nil	151,125
<b>Executive Officers:</b>							
M. Asman	37,881	6 Nov 2008	-	100%	30 June 2011	Nil	Nil
P. Bennett	19,738	6 Nov 2008	-	-	30 June 2011	Nil	30,621
N. Burrows	27,114	6 Nov 2008	-	100%	-	Nil	Nil
A. Creswell	18,622	6 Nov 2008	-	-	30 June 2011	Nil	28,890
P. Jones	-	-	-	-	-	Nil	Nil
D. Kiemele	-	-	-	-	-	Nil	Nil
K. Little	19,553	6 Nov 2008	-	-	30 June 2011	Nil	30,334
J. O'Connor	19,243	6 Nov 2008	-	-	30 June 2011	Nil	29,853
L. Sams	-	-	-	-	-	Nil	Nil
A. Sloman	7,152	6 Nov 2008	-	-	30 June 2011	Nil	11,095
D. Williams	9,213	6 Nov 2008	-	-	30 June 2011	Nil	14,293

(1) The % forfeited in the year represents the reduction from the maximum number of performance rights available to vest due to performance criteria not being achieved.

(2) The value of the performance rights vested based on the fair value at grant date of \$1.55138.

(3) The value of performance rights lapsed as the performance criteria were not met and consequently the right did not vest, based on the fair value at grant date of \$1.55138.

## 21. Rounding off of Amounts

The Company is of a kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 and in accordance with that Class Order, amounts in the Annual Financial Report and the Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of Directors made pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors



A.D. McCallum  
Chairman

Hobart this 22nd day of August 2011



# Auditor's Independence Declaration

Tassal Group Limited and Controlled Entities

## Deloitte.

The Board of Directors  
Tassal Group Limited  
2 Salamanca Square  
Battery Point  
Tasmania, 7004

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22 August 2011

Dear Board Members

### Tassal Group Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of Tassal Group Limited.

As lead audit partner for the audit of the financial statements of Tassal Group Limited for the financial year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

*Deloitte Touche Tohmatsu*

Deloitte Touche Tohmatsu



D Harradine  
Partner  
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.  
Member of Deloitte Touche Tohmatsu

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# Income Statement

For the year ended 30 June 2011

Tassal Group Limited and Controlled Entities

	Note	Consolidated 2011	Consolidated <sup>(i)</sup> 2010	Company 2011	Company 2010
		\$'000	\$'000	\$'000	\$'000
Revenue	3(a)	222,618	212,790	2,884	11,624
Other income	3(b)	3,790	3,840	-	-
Fair value adjustment of biological assets		12,404	10,034		
Share of profits/(losses) of associates and jointly controlled entities accounted for using the equity method	13	(773)	145	-	-
Changes in inventories of finished goods and work in progress		8,361	(8,326)	-	-
Raw materials and consumables used		(132,174)	(117,173)	-	-
Employee benefits expense	3(c)	(40,709)	(35,238)	-	-
Depreciation and amortisation expense	3(c)	(11,869)	(10,224)	-	-
Finance costs	3(c)	(6,752)	(5,465)	-	-
Other expenses		(14,316)	(15,815)	-	-
<b>Profit before income tax expense</b>		<b>40,580</b>	<b>34,568</b>	<b>2,884</b>	<b>11,624</b>
Income tax expense	4	(10,300)	(6,559)	-	-
<b>Net profit for the period attributable to members of the Company</b>		<b>30,280</b>	<b>28,009</b>	<b>2,884</b>	<b>11,624</b>

(i) Refer to Note 1 (ab) for reclassification of financial information

	Note	Cents per share 2011	Cents per share 2010
<b>Earnings per ordinary share:</b>			
Basic (cents per share)	30	20.78	19.96
Diluted (cents per share)	30	20.70	19.93

Notes to the financial statements are included on pages 45 to 86.

# Statement of Comprehensive Income

## For the year ended 30 June 2011

Tassal Group Limited and Controlled Entities

	Note	Consolidated 2011 \$'000	Consolidated 2010 \$'000	Company 2011 \$'000	Company 2010 \$'000
Profit for the period		30,280	28,009	2,884	11,624
<b>Other comprehensive income</b>					
Gain/(loss) on revaluation of property		-	6,975	-	-
Transfer to profit or loss on cash flow hedges		-	1,826	-	-
Income tax relating to components of other comprehensive income		-	(2,640)	-	-
Other comprehensive income for the period (net of tax)		-	6,161	-	-
<b>Total comprehensive income for the period attributed to owners of the parent</b>		<b>30,280</b>	<b>34,170</b>	<b>2,884</b>	<b>11,624</b>

Notes to the financial statements are included on pages 45 to 86.

# Statement of Financial Position

For the year ended 30 June 2011

Tassal Group Limited and Controlled Entities

	Note	Consolidated 2011	Consolidated 2010	Company 2011	Company 2010
		\$'000	\$'000	\$'000	\$'000
<b>Current Assets</b>					
Cash and cash equivalents		7,960	4,265	-	-
Trade and other receivables	7	8,477	24,827	123,205	123,729
Inventories	8	48,346	39,985	-	-
Biological assets	9	147,938	128,281	-	-
Other financial assets	10	511	511	-	-
Other	11	828	953	-	-
<b>Total Current Assets</b>		<b>214,060</b>	<b>198,822</b>	<b>123,205</b>	<b>123,729</b>
<b>Non-Current Assets</b>					
Trade and other receivables	12	-	561	-	-
Investments accounted for using the equity method	13	6,654	7,427	-	-
Other financial assets	14	103	113	28,119	28,119
Property, plant and equipment	15	200,169	173,562	-	-
Deferred tax assets	4	-	-	6,497	2,890
Goodwill	16	14,851	14,851	-	-
Other intangible assets	17	24,184	24,184	-	-
Other	18	522	552	-	-
<b>Total Non-Current Assets</b>		<b>246,483</b>	<b>221,250</b>	<b>34,616</b>	<b>31,009</b>
<b>Total Assets</b>		<b>460,543</b>	<b>420,072</b>	<b>157,821</b>	<b>154,738</b>
<b>Current Liabilities</b>					
Trade and other payables	20	38,208	39,932	-	-
Borrowings	21	46,299	37,869	-	-
Current tax liability	4	-	-	-	-
Provisions	22	3,743	3,199	-	-
Other	23	844	1,813	-	-
<b>Total Current Liabilities</b>		<b>89,094</b>	<b>82,813</b>	<b>-</b>	<b>-</b>
<b>Non-Current Liabilities</b>					
Borrowings	24	49,115	55,943	-	-
Deferred tax liabilities	4	45,959	35,478	-	-
Provisions	25	692	626	-	-
Other	26	2	10	-	-
<b>Total Non-Current Liabilities</b>		<b>95,768</b>	<b>92,057</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>184,862</b>	<b>174,870</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>		<b>275,681</b>	<b>245,202</b>	<b>157,821</b>	<b>154,738</b>
<b>Equity</b>					
Issued capital	27	154,027	151,177	154,027	151,177
Reserves	28	9,865	9,632	350	117
Retained earnings	29	111,789	84,393	3,444	3,444
<b>Total Equity</b>		<b>275,681</b>	<b>245,202</b>	<b>157,821</b>	<b>154,738</b>

Notes to the financial statements are included on pages 45 to 86.

# Statement of Changes in Equity

## For the year ended 30 June 2011

Tassal Group Limited and Controlled Entities

### Consolidated

	Issued capital	Asset revaluation reserve	Hedging reserve	Equity-settled employee benefits reserve	Retained earnings	Total attributable to equity holders of the entity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2009</b>	<b>139,605</b>	<b>4,632</b>	<b>(1,278)</b>	<b>809</b>	<b>67,479</b>	<b>211,247</b>
Profit for the period	-	-	-	-	28,009	28,009
Gain/(loss) on revaluation of property (net of any related tax)	-	4,883	-	-	-	4,883
Transfer to profit or loss on cash flow hedges (net of any related tax)	-	-	1,278	-	-	1,278
Total comprehensive income for the period	-	4,883	1,278	-	28,009	34,170
Payment of dividends	-	-	-	-	(11,095)	(11,095)
Issue of shares pursuant to Dividend Reinvestment Plan	4,873	-	-	-	-	4,873
Issue of shares pursuant to underwriting agreement relating to Dividend Reinvestment Plan	6,212	-	-	-	-	6,212
Share issue costs (net of any related tax)	(112)	-	-	-	-	(112)
Issue of shares pursuant to Executive Long Term Incentive Plan	599	-	-	(599)	-	-
Recognition of share-based payments	-	-	-	(93)	-	(93)
<b>Balance as at 30 June 2010</b>	<b>151,177</b>	<b>9,515</b>	<b>-</b>	<b>117</b>	<b>84,393</b>	<b>245,202</b>
<b>Balance as at 1 July 2010</b>	<b>151,177</b>	<b>9,515</b>	<b>-</b>	<b>117</b>	<b>84,393</b>	<b>245,202</b>
Profit for the period	-	-	-	-	30,280	30,280
Gain/(loss) on revaluation of property (net of any related tax)	-	-	-	-	-	-
Transfer to profit or loss on cash flow hedges (net of any related tax)	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	30,280	30,280
Payment of dividends	-	-	-	-	(2,884)	(2,884)
Issue of shares pursuant to Dividend Reinvestment Plan	911	-	-	-	-	911
Issue of shares pursuant to underwriting agreement relating to Dividend Reinvestment Plan	1,971	-	-	-	-	1,971
Share issue costs (net of any related tax)	(32)	-	-	-	-	(32)
Issue of shares pursuant to Executive Long Term Incentive Plan	-	-	-	-	-	-
Recognition of share-based payments	-	-	-	233	-	233
<b>Balance as at 30 June 2011</b>	<b>154,027</b>	<b>9,515</b>	<b>-</b>	<b>350</b>	<b>111,789</b>	<b>275,681</b>

Notes to the financial statements are included on pages 45 to 86.



## Company

	Issued capital	Asset revaluation reserve	Hedging reserve	Equity-settled employee benefits reserve	Retained earnings	Total attributable to equity holders of the entity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2009</b>	<b>139,605</b>	-	-	<b>809</b>	<b>2,915</b>	<b>143,329</b>
Profit for the period	-	-	-	-	11,624	11,624
Total comprehensive income for the period	-	-	-	-	11,624	11,624
Payment of dividends	-	-	-	-	(11,095)	(11,095)
Issue of shares pursuant to Dividend Reinvestment Plan	4,873	-	-	-	-	4,873
Issue of shares pursuant to underwriting agreement relating to Dividend Reinvestment Plan	6,212	-	-	-	-	6,212
Share issue costs (net of any related tax)	(112)	-	-	-	-	(112)
Issue of shares pursuant to Executive Long Term Incentive Plan	599	-	-	(599)	-	-
Recognition of share-based payments	-	-	-	(93)	-	(93)
<b>Balance as at 30 June 2010</b>	<b>151,177</b>	-	-	<b>117</b>	<b>3,444</b>	<b>154,738</b>
<b>Balance as at 1 July 2010</b>	<b>151,177</b>	-	-	<b>117</b>	<b>3,444</b>	<b>154,738</b>
Profit for the period	-	-	-	-	2,884	2,884
Total comprehensive income for the period	-	-	-	-	2,884	2,884
Payment of dividends	-	-	-	-	(2,884)	(2,884)
Issue of shares pursuant to Dividend Reinvestment Plan	911	-	-	-	-	911
Issue of shares pursuant to underwriting agreement relating to Dividend Reinvestment Plan	1,971	-	-	-	-	1,971
Share issue costs (net of any related tax)	(32)	-	-	-	-	(32)
Issue of shares pursuant to Executive Long Term Incentive Plan	-	-	-	-	-	-
Recognition of share-based payments	-	-	-	233	-	233
<b>Balance as at 30 June 2011</b>	<b>154,027</b>	-	-	<b>350</b>	<b>3,444</b>	<b>157,821</b>

Notes to the financial statements are included on pages 45 to 86.

# Statement of Cash Flows

## For the year ended 30 June 2011

Tassal Group Limited and Controlled Entities

	Note	Consolidated 2011 \$'000	Consolidated 2010 \$'000	Company 2011 \$'000	Company 2010 \$'000
<b>Cash Flows from Operating Activities</b>					
Receipts from customers		259,882	234,639	-	-
Payments to suppliers and employees		(211,464)	(199,840)	-	-
Interest received		161	105	-	-
Interest and other costs of finance paid		(7,057)	(6,417)	-	-
<b>Net cash (used in)/provided by operating activities</b>	<b>39(b)</b>	<b>41,522</b>	<b>28,487</b>	<b>-</b>	<b>-</b>
<b>Cash Flows from Investing Activities</b>					
Payment for property, plant and equipment		(39,398)	(47,913)	-	-
Proceeds from sale of property, plant and equipment		-	107	-	-
Advance from/(to) controlled entities		-	-	-	-
Payment for intangible assets		-	-	-	-
Additional interests acquired in associates and jointly controlled entities		-	-	-	-
Net cash inflow on disposal of associates and jointly controlled entities		-	9	-	-
Payment for other non-current assets		-	-	-	-
<b>Net cash (used in)/provided by investing activities</b>		<b>(39,398)</b>	<b>(47,797)</b>	<b>-</b>	<b>-</b>
<b>Cash Flows from Financing Activities</b>					
Proceeds from borrowings		28,287	52,715	-	-
Repayment of borrowings		(26,671)	(32,675)	-	-
Payment for share issue costs		(32)	(160)	-	-
Dividends paid to members of the parent entity		-	-	-	-
<b>Net cash (used in)/provided by financing activities</b>		<b>1,584</b>	<b>19,880</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>3,708</b>	<b>570</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the financial year		4,252	3,682	-	-
<b>Cash and cash equivalents at the end of the financial year</b>	<b>39(a)</b>	<b>7,960</b>	<b>4,252</b>	<b>-</b>	<b>-</b>

Notes to the financial statements are included on pages 45 to 86.

# Notes to the Financial Statements

For the year ended 30 June 2011

Tassal Group Limited and Controlled Entities

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# Notes to the Financial Statements

## For the year ended 30 June 2011 (cont.)

Tassal Group Limited and Controlled Entities

### 1. Summary of Accounting Policies

#### Statement of Compliance

The Annual Financial Report is a general purpose financial report and has been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the consolidated entity and Company comply with International Financial Reporting Standards ('IFRS').

The Annual Financial Report includes separate financial statements of the Company and the consolidated entity.

The Annual Financial Report was authorised for issue by the Directors on 22 August 2011.

#### Basis of Preparation

The Annual Financial Report has been prepared on the basis of historic cost except for biological assets which are measured at net market value, and, if relevant for the revaluation of certain non-current assets and financial instruments, and except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

All amounts are presented in Australian Dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Annual Financial Report are rounded to the nearest thousand dollars, unless otherwise indicated.

#### Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the consolidated entity's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and various other factors, including expectations of future events, that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of consolidated entity's accounting policies that have significant effects on the Annual Financial Report and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements. They include the following:

- Goodwill (refer to Note 16)
- Brand names (refer to Note 17)
- Biological assets (refer to Note 9)

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2011, and the comparative information presented in these financial statements.

#### Adoption of New and Revised Accounting Standards

##### (i) Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in (ii).

##### Standards affecting presentation and disclosure

###### *Amendments to AASB 107 'Statement of Cash Flows'*

The amendments (part of AASB 2009-5 '*Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*') specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

##### Standards and Interpretations affecting the reported results or financial position

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reporting results or financial position.

##### (ii) Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

###### *AASB 2009-8 'Amendments to Australian Accounting Standards – Group Cash-Settled Sharebased Payment Transactions'*

The application of AASB 2009-8 makes amendments to AASB 2 '*Share-based Payment*' to clarify the scope of AASB 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.

###### *AASB 2010-3 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project'*

The application of AASB 2010-3 makes amendments to AASB 3(2008) '*Business Combinations*' to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards.

In addition, the application of AASB 2010-3 makes amendments to AASB 3(2008) to give more guidance regarding the accounting for share-based payment awards held by the acquiree's employees. Specifically, the amendments specify that share-based payment transactions of the acquiree that are not replaced should be measured in accordance with AASB 2 '*Share-based Payment*' at the acquisition date ('market-based measure').

*Interpretation 19 'Extinguishing Financial Liabilities with Equity Instruments'*

This Interpretation provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. In particular, the equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss. To date, the Group has not entered into transactions of this nature.

**(iii) Standards and Interpretations in issue not yet adopted**

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

AASB 124 'Related Party Disclosures' (revised December 2009), AASB 2009-12 'Amendments to Australian Accounting Standards'

Effective for annual reporting periods beginning on or after 1 January 2011 and expected to be initially applied in the financial year ending 30 June 2012.

AASB 9 'Financial Instruments', AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'

Effective for annual reporting periods beginning on or after 1 January 2013 and expected to be initially applied in the financial year ending 30 June 2014.

AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'

Effective for annual reporting periods beginning on or after 1 January 2011 and expected to be initially applied in the financial year ending 30 June 2012.

AASB 2010-5 'Amendments to Australian Accounting Standards'

Effective for annual reporting periods beginning on or after 1 January 2011 and expected to be initially applied in the financial year ending 30 June 2012.

AASB 2010-6 'Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets'

Effective for annual reporting periods beginning on or after 1 July 2011 and expected to be initially applied in the financial year ending 30 June 2012.

AASB 2010-8 'Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets'

Effective for annual reporting periods beginning on or after 1 January 2012 and expected to be initially applied in the financial year ending 30 June 2013.

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

*IFRS 10 Consolidated Financial Statements*

Requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities.

*IFRS 11 Joint Arrangements*

Replaces IAS 31 Interests in Joint Ventures. Requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement.

*IFRS 12 Disclosure of Interests in Other Entities*

Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

*IFRS 13 Fair Value Measurement*

Replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard.

*IAS 27 Separate Financial Statements (2011)*

Amended version of IAS 27 which now only deals with the requirements for separate financial statements, which have been carried over largely unamended from IAS 27 Consolidated and Separate Financial Statements. Requirements for consolidated financial statements are now contained in IFRS 10.

*IAS 28 Investments in Associates and Joint Ventures (2011)*

This Standard supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

**Significant Accounting Policies**

The following significant accounting policies have been adopted in the preparation and presentation of the Annual Financial Report:

**(a) Basis of Consolidation**

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the Company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 'Consolidated and Separate Financial Statements' (the **Group**). Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceeds the cost of acquisition, the difference is credited to profit or loss in the period of acquisition.

The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entities. In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.



# Notes to the Financial Statements

## For the year ended 30 June 2011 (cont.)

Tassal Group Limited and Controlled Entities

### 1. Summary of Accounting Policies (cont.)

#### (b) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

#### (c) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### (d) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

#### (e) Derivative Financial Instruments

The Company and consolidated entity use derivative financial instruments, principally foreign exchange and interest rate related, to reduce their exposure to movements in foreign exchange rate and interest rate movements. Further details of derivative financial instruments are disclosed in Note 40 to the financial statements.

The consolidated entity has adopted certain principles in relation to derivative financial instruments:

- it does not trade in a derivative that is not used in the hedging of an underlying business exposure of the consolidated entity; and
- derivatives acquired must be able to be recorded on the consolidated entity's treasury management systems, which contain appropriate internal controls.

The Company and consolidated entity follow the same credit policies, legal processes, monitoring of market and operational risks in the area of derivative financial instruments, as they do in relation to financial assets and liabilities on the statement of financial position, where internal controls operate.

On a continuing basis, the consolidated entity monitors its future exposures and on some occasions hedges all or part of these exposures. The transactions which may be covered are future foreign exchange requirements and interest rate positions.

These exposures are then monitored and may be modified from time to time. The foreign exchange hedge instruments are transacted on a commitment basis and hedge operational transactions the consolidated entity expects to occur in this time frame. Interest rate derivative instruments can be for periods up to 3 – 5 years as the critical terms of the instruments are matched to the life of the borrowings.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The consolidated entity designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges) or hedges of highly probable forecast transactions (cash flow hedges).

#### Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

#### Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other expenses or other income.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

#### (f) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

Contributions to defined contribution superannuation plans are expensed when incurred.



### **(g) Financial Assets**

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Subsequent to initial recognition, investments in subsidiaries are measured at cost. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the Company financial statements.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### **Held-to-maturity investments**

Bills of exchange and debentures are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

#### **Loans and receivables**

Trade receivables, loans, and other receivables are recorded at amortised cost using the effective interest method less impairment.

#### **Impairment of financial assets**

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

#### **Derecognition of financial assets**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

### **(h) Financial Instruments Issued by the Consolidated Entity**

#### **Debt and equity instruments**

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### **Financial guarantee contract liabilities**

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount recognised as a provision and the amount initially recognised less cumulative amortisation in accordance with the revenue recognition policies described in Note 1(v).

#### **Financial liabilities**

Financial liabilities are classified as either financial liabilities "at fair value through the profit or loss" or other financial liabilities.

#### **Transaction costs on the issue of equity instruments**

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

#### **Interest and dividends**

Interest and dividends are classified as expenses or as distributions of profit consistent with the statement of financial position classification of the related debt or equity instruments or component parts of compound instruments.

### **(i) Foreign Currency**

#### **Foreign currency transactions**

All foreign currency transactions during the period are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise except that:

- exchange differences which relate to assets under construction for future productive use are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings; and
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (refer to note 1(e)).

# Notes to the Financial Statements

## For the year ended 30 June 2011 (cont.)

Tassal Group Limited and Controlled Entities

### 1. Summary of Accounting Policies (cont.)

#### (j) Goods and Service Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (**GST**), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### (k) Goodwill

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. Goodwill is subsequently measured at its cost less any impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units (**CGUs**), or groups of CGUs, expected to benefit from the synergies of the business combination. CGUs (or groups of CGUs) to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicated that goodwill might be impaired.

If the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or groups of CGUs), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or groups of CGUs) and then to the other assets in the CGU (or groups of CGUs). An impairment loss recognised for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period.

On disposal of an operation within a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

#### (l) Government Grants

Government grants are assistance by the government in the form of transfers of resources to the consolidated entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants include government assistance where there are no conditions specifically relating to the operating activities of the consolidated entity other than the requirement to operate in certain regions or industry sectors.

Government grants are not recognised until there is reasonable assurance that the consolidated entity will comply with the conditions attaching to them and the grants will be received.

Government grants whose primary condition is that the consolidated entity should purchase, construct or otherwise acquire long-term assets are recognised as deferred income in the statement of financial position and recognised as income on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the consolidated entity with no future related costs are recognised as income of the period in which it becomes receivable.

#### (m) Impairment of Long-lived Assets Excluding Goodwill

At each reporting date, the consolidated entity reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. Refer also Note 1(t).

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. Refer also Note 1(t).

#### (n) Income Tax

##### Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

##### Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

#### Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

#### Tax consolidation

The Company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Tassal Group Limited is the head entity in the tax-consolidated group.

Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

Further information about the tax funding arrangement is detailed in Note 4 to the financial statements. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

#### (o) Intangible Assets

##### Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible assets first meets the recognition criteria listed above.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

##### Brand names

Brand names recognised by the Company have an indefinite useful life and are not amortised. Each period, the useful life of this asset is reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy stated in Note 1(m).

##### Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

# Notes to the Financial Statements

## For the year ended 30 June 2011 (cont.)

Tassal Group Limited and Controlled Entities

### 1. Summary of Accounting Policies (cont.)

#### (p) Inventories

Agricultural produce harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest. Such measurement is the cost at that date when applying AASB 102 'Inventories'.

Other inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out or weighted average cost basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

#### (q) Joint Ventures

Interests in jointly controlled entities are accounted for under the equity method in the consolidated financial statements and the cost method is used in the Company financial statements.

#### (r) Leased Assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

##### Consolidated entity as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the consolidated entity's general policy on borrowing costs. Refer to Note 1(c).

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

##### Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### (s) Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

#### (t) Property, Plant and Equipment

Land and buildings are measured at fair value. Fair value is determined on the basis of an independent valuation prepared by external experts and in conformance with Australian Valuation Standards. The fair values are recognised in the financial statements of the consolidated entity, and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from their fair values.

On 19 June 2010, an independent valuation of the consolidated entity's freehold land and freehold and leasehold buildings was performed by Mr M J Page [B.Bus.(Property)AAPI] to determine the fair value of land and buildings. Specialised land and buildings have been valued based on the depreciated replacement cost method. The valuation conforms to Australian Valuation Standards.

Any revaluation increase arising on the revaluation of land and buildings is credited to a revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve, net of any related taxes, is transferred directly to retained earnings.

Plant and equipment and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost or other re-valued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period, with the effect of any change recognised on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following estimated useful lives are used in the calculation of depreciation:

• Buildings	25 – 50 years
• Plant and equipment	2 – 20 years
• Equipment under finance lease	2 – 20 years



#### **(u) Provisions**

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

#### **Onerous Contracts**

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the consolidated entity has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

#### **Restructurings**

A restructuring provision is recognised when the consolidated entity has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

#### **Dividends**

A provision is recognised for dividends when they have been approved at the reporting date.

#### **(v) Revenue Recognition**

##### **Sale of goods**

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the consolidated entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the consolidated entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### **Dividend and interest revenue**

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

#### **(w) Share-based Payments**

Equity-settled share-based payments with employees are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a Monte Carlo simulation model, taking into account the terms and conditions upon which the equity-settled share-based payment were granted. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations. Further details on how the fair value of equity-settled share-based transactions has been determined can be found in Note 5 (c) (i) to the financial statements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

At each reporting date, the Group revises its estimates of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with corresponding adjustment to the equity-settled employee benefits reserve.

#### **(x) Biological Assets – Live Finfish**

Live finfish assets are valued at fair value less estimated point of sale costs. This fair value is the amount which could be expected to be received from the disposal of the asset in an active and liquid market less the costs expected to be incurred in realising the proceeds of such disposal. The net increment/(decrement) in the fair value of finfish is recognised as income/(expense) in the reporting period.

Where an active and liquid market is not available, fair value is determined based on market prices for similar assets with adjustments to reflect differences. The prices are reduced for harvesting costs and freight costs to market. Further the valuation will take into account the stage in the life cycle, average size and weight of the fish. Historic cost is used as an estimate of fair value where little or no biological transformation has taken place, or where cost is a more relevant and reliable estimate than any other indicator.

The change in estimated fair value is recognised in the income statement and is classified separately.

Fair value has been determined in accordance with Directors' valuation.

#### **(y) Financial Risk Management Strategies Relating to Agricultural Activities**

The consolidated entity has a comprehensive risk management strategy in place to monitor and oversee its agricultural activities. The policy framework is broad, with risk management addressed via marine and hatchery site geographical diversification, conservative finfish husbandry practices, experienced management with international expertise and extensive investment in infrastructure improvements and automation.

# Notes to the Financial Statements

## For the year ended 30 June 2011 (cont.)

Tassal Group Limited and Controlled Entities

### 1. Summary of Accounting Policies (cont.)

#### (z) Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the consolidated entity in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the consolidated entity's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the consolidated entity's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

If relevant, the interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

#### (aa) Investments in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The result and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of the acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the acquisition, after reassessment, is recognised immediately in profit or loss. Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

#### (ab) Reclassification of Financial Information

##### *Presentation of fair value adjustment for biological assets*

The Company has reassessed its presentation of the fair value adjustment for biological assets in the Income Statement in order to result in more relevant information for users of the financial statements. Based on this reassessment, it was determined that instead of providing a gross presentation of the net market value of non-living produce extracted, a net amount will be presented. Both approaches comply with the requirements of AASB 141 'Agriculture'. The amount of net market value of non-living produce extracted is disclosed within Note 9.

Overall the reassessment has nil impact on the net profit after tax disclosed in the Income Statement but does affect the line items within that statement, being revenue and raw materials and consumables used. Revenue in the comparative financial year is reduced by \$178,899 thousand and raw materials and consumables used is reduced by \$168,865 thousand. A new line item is included in the statement, being fair value adjustment of biological assets, which has a balance of \$10,034 thousand.

##### *Presentation of discounts and rebates*

The Company has reassessed its presentation of discounts and rebates to ensure items are classified within the Income Statement consistent with the company's accounting policy on revenue recognition. Based on this reassessment, it was determined that certain amounts in the Income Statement recognised within the line item raw materials and consumables used should be reclassified and recognised within revenue. Overall this reclassification has nil impact on the net profit after tax disclosed in the Income Statement but the revenue and raw materials and consumables used line items both reduce by \$17,202 thousand.



The impact of the two changes in the presentation on the Income Statement is shown below:

	30 June 2010 (prior to reclassification)	Effect of reclassification	30 June 2010
	\$'000	\$'000	\$'000
Revenue	408,891	(196,101)	212,790
Other income	3,840	-	3,840
Fair value adjustment of biological assets	-	10,034	10,034
Share of associates profit/(loss)	145	-	145
Changes in inventories of finished goods and work in progress	(8,326)	-	(8,326)
Raw materials and consumables used	(303,240)	186,067	(117,173)
Employee benefits expense	(35,238)	-	(35,238)
Depreciation and amortisation expense	(10,224)	-	(10,224)
Finance costs	(5,465)	-	(5,465)
Other expenses	(15,815)	-	(15,815)
Profit before income tax expense	34,568	-	34,568
Income tax expense	(6,559)	-	(6,559)
Net profit attributable to members of the company	28,009	-	28,009

Due to this reassessment a reclassification was also completed within the statement of cash flows with receipts from customers decreasing \$17.202 million and payments to suppliers and employees decreasing by the same amount. This had nil impact on net cash flow from operating activities and the net cash increase for the year.

## 2. Subsequent Events

### *Final Dividend Declared*

On 22 August 2011, the Directors declared a final unfranked dividend of \$2.926 million (2.00 cents per ordinary share) in respect of the financial year ended 30 June 2011. The record date for determining entitlements to this final dividend was 15 September 2011. The final dividend will be paid on 6 October 2011.

The final dividend has not been recognised in this Annual Financial Report because the final dividend was declared subsequent to 30 June 2011.

# Notes to the Financial Statements

## For the year ended 30 June 2011 (cont.)

Tassal Group Limited and Controlled Entities

### 3. Profit for the Year Before Tax

Profit from operations before income tax expense includes the following items of revenue and expense:

	Note	Consolidated 2011 \$'000	Consolidated 2010 \$'000	Company 2011 \$'000	Company 2010 \$'000
<b>(a) Revenue</b>					
Revenue from the sale of goods		222,441	212,670	-	-
Dividends received from controlled entities		-	-	2,884	11,624
Rental revenue		16	15	-	-
Interest revenue		161	105	-	-
<b>Total revenue</b>		<b>222,618</b>	<b>212,790</b>	<b>2,884</b>	<b>11,624</b>
<b>(b) Other income</b>					
Gain/(loss) on disposal of property, plant and equipment		(56)	103	-	-
Government grants received		1,879	1,752	-	-
Other		1,967	1,985	-	-
<b>Total other income</b>		<b>3,790</b>	<b>3,840</b>	<b>-</b>	<b>-</b>
<b>(c) Expenses</b>					
Depreciation of non-current assets		11,839	10,194	-	-
Amortisation of non-current assets		30	30	-	-
<b>Total depreciation and amortisation</b>		<b>11,869</b>	<b>10,224</b>	<b>-</b>	<b>-</b>
Interest – other entities		3,906	2,675	-	-
Finance lease charges		2,846	2,790	-	-
<b>Total finance costs<sup>(i)</sup></b>		<b>6,752</b>	<b>5,465</b>	<b>-</b>	<b>-</b>
<b>Notes:</b>					
(i) Finance costs of \$2.622 million were included in the cost of qualifying assets during the current year (2010: \$1.623 million).					
(ii) The weighted average capitalisation rate on funds borrowed generally is 6.356% (2010: 6.098%).					
<b>Cost of sales</b>		<b>217,603</b>	<b>205,480</b>	<b>-</b>	<b>-</b>
Employee benefits expense:					
Share-based payments:					
Equity settled share-based payments		233	(93)	-	-
Post employment benefits		3,089	2,715	-	-
Other employee benefits		37,387	32,616	-	-
<b>Total employee benefits expense</b>		<b>40,709</b>	<b>35,238</b>	<b>-</b>	<b>-</b>
Net bad and doubtful debts – other entities		281	73	-	-
Write-downs of inventories to net realisable value		433	10	-	-
Operating lease rental expenses		3,580	3,766	-	-
Research and development costs immediately expensed		141	15	-	-

4. Income Taxes	Consolidated 2011	Consolidated 2010	Company 2011	Company 2010
	\$'000	\$'000	\$'000	\$'000
<i>(a) Income tax recognised in profit or loss:</i>				
<b>Tax (expense)/income comprises:</b>				
Current tax (expense)/income	(2,568)	255	108	107
Adjustment recognised in the current year in relation to the current tax of prior years	6,463	741	-	-
Deferred tax (expense)/income relating to the origination and reversal of temporary differences	(14,195)	(7,555)	(108)	(107)
<b>Total tax (expense)/income</b>	<b>(10,300)</b>	<b>(6,559)</b>	<b>-</b>	<b>-</b>
<b>The prima facie income tax (expense)/income on pre-tax accounting profit from operations reconciles to the income tax (expense)/income in the financial statements as follows:</b>				
<b>Profit from operations</b>	<b>40,580</b>	<b>34,568</b>	<b>2,884</b>	<b>11,624</b>
Income tax (expense)/benefit calculated at 30%	(12,174)	(10,370)	(865)	(3,487)
Non-tax deductible items	(12)	(18)	-	-
Dividends from wholly-owned subsidiaries	-	-	865	3,487
Investment allowance	70	2,604	-	-
Research and development concession	790	456	-	-
Other	(69)	28	-	-
Adjustment recognised in the current year in relation to the current tax of prior years	1,095	741	-	-
<b>Income tax (expense)/benefit</b>	<b>(10,300)</b>	<b>(6,559)</b>	<b>-</b>	<b>-</b>
The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.				
<i>(b) Income tax recognised directly in equity</i>				
<b>Deferred tax:</b>				
Property, Plant and equipment	-	(2,092)	-	-
Revaluation of financial instruments treated as cash flow hedges	-	(548)	-	-
Share issue expenses deductible over 5 years	14	48	14	48
	<b>14</b>	<b>(2,592)</b>	<b>14</b>	<b>48</b>
<i>(c) Current tax balances:</i>				
<b>Current tax liabilities comprise:</b>				
Income tax payable attributable to:				
Entities in the tax-consolidated group	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>(d) Deferred tax balances:</i>				
<b>Deferred tax assets comprise:</b>				
Tax losses – revenue	6,358	2,657	6,358	2,657
Temporary differences	2,164	2,137	139	233
	<b>8,522</b>	<b>4,794</b>	<b>6,497</b>	<b>2,890</b>
<b>Deferred tax liabilities comprise:</b>				
Temporary differences	(54,481)	(40,272)	-	-
	<b>(54,481)</b>	<b>(40,272)</b>	<b>-</b>	<b>-</b>
<b>Net deferred tax asset/(liability)</b>	<b>(45,959)</b>	<b>(35,478)</b>	<b>6,497</b>	<b>2,890</b>

# Notes to the Financial Statements

## For the year ended 30 June 2011 (cont.)

Tassal Group Limited and Controlled Entities

### (d) Deferred tax balances: (cont.)

Taxable and deductible temporary differences arise from the following:

Consolidated	Opening balance	Charged to income	Charged to equity	Closing balance
	\$'000	\$'000	\$'000	\$'000
<b>2011</b>				
<b>Gross deferred tax liabilities:</b>				
Biological assets	(32,033)	(6,390)	-	(38,423)
Inventories	(1,931)	(5,384)	-	(7,315)
Trade and other receivables	-	-	-	-
Property, plant and equipment	(5,574)	(2,681)	-	(8,255)
Investment in associates and jointly controlled entities	(655)	232	-	(423)
Other intangible assets	(64)	-	-	(64)
Cash flow hedges	-	-	-	-
Other financial assets	(15)	14	-	(1)
	(40,272)	(14,209)	-	(54,481)
<b>Gross deferred tax assets:</b>				
Provisions	1,253	122	-	1,375
Accruals	82	9	-	91
Deferred income	268	(8)	-	260
Share issue expenses deductible over 5 years	233	(108)	14	139
Trade and other payables	32	(2)	-	30
Cash flow hedges	-	-	-	-
Investments in associates and jointly controlled entities	269	-	-	269
Other	-	-	-	-
	2,137	13	14	2,164
	(38,135)	(14,196)	14	(52,317)
<b>Reduction arising from:</b>				
Tax losses – revenue	2,657	3,701	-	6,358
<b>Net deferred tax asset/(liability)</b>	<b>(35,478)</b>	<b>(10,495)</b>	<b>14</b>	<b>(45,959)</b>
<b>2010</b>				
<b>Gross deferred tax liabilities:</b>				
Biological assets	(25,734)	(6,299)	-	(32,033)
Inventories	(1,375)	(556)	-	(1,931)
Trade and other receivables	-	-	-	-
Property, plant and equipment	(2,756)	(726)	(2,092)	(5,574)
Investment in associates and jointly controlled entities	(645)	(10)	-	(655)
Other intangible assets	(20)	(44)	-	(64)
Cash flow hedges	-	-	-	-
Other financial assets	(1)	(14)	-	(15)
	(30,531)	(7,649)	(2,092)	(40,272)
<b>Gross deferred tax assets:</b>				
Provisions	1,412	(159)	-	1,253
Accruals	32	50	-	82
Deferred income	85	183	-	268
Share issue expenses deductible over 5 years	292	(107)	48	233
Trade and other payables	-	32	-	32
Cash flow hedges	655	(107)	(548)	-
Investments in associates and jointly controlled entities	-	269	-	269
Other	67	(67)	-	-
	2,543	94	(500)	2,137
	(27,988)	(7,555)	(2,592)	(38,135)
<b>Reduction arising from:</b>				
Tax losses – revenue	1,661	996	-	2,657
<b>Net deferred tax asset/(liability)</b>	<b>(26,327)</b>	<b>(6,559)</b>	<b>(2,592)</b>	<b>(35,478)</b>

**4. Income Taxes (cont.)***(d) Deferred tax balances: (cont.)*

Taxable and deductible temporary differences arise from the following:

Company	Opening balance	Charged to income	Charged to equity	Closing balance
	\$'000	\$'000	\$'000	\$'000
<b>2011</b>				
<b>Gross deferred tax assets:</b>				
Share issue expenses deductible over 5 years	233	(108)	14	139
	233	(108)	14	139
<b>Addition arising from:</b>				
Tax losses – revenue (members of the tax-consolidated group)	2,657	3,701	-	6,358
<b>Net deferred tax asset/(liability)</b>	<b>2,890</b>	<b>3,593</b>	<b>14</b>	<b>6,497</b>
<b>2010</b>				
<b>Gross deferred tax assets:</b>				
Share issue expenses deductible over 5 years	292	(107)	48	233
	292	(107)	48	233
<b>Addition arising from:</b>				
Tax losses – revenue (members of the tax-consolidated group)	1,661	996	-	2,657
<b>Net deferred tax asset/(liability)</b>	<b>1,953</b>	<b>889</b>	<b>48</b>	<b>2,890</b>

*(e) Tax consolidation***Relevance of tax consolidation to the consolidated entity**

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 19 September 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Tassal Group Limited. The members of the tax-consolidated group are identified at Note 35.

**Nature of tax funding arrangements and tax sharing agreements**

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax-sharing agreement with the head entity.

Under the terms of the tax funding arrangement, Tassal Group Limited and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

# Notes to the Financial Statements

## For the year ended 30 June 2011 (cont.)

Tassal Group Limited and Controlled Entities

### 5. Key Management Personnel Compensation

#### (a) Identity of Key Management Personnel:

The following were Key Management Personnel of the consolidated entity at any time during the financial year and unless otherwise indicated were Key Management Personnel for the entire period.

#### Directors:

Name	Title
A. McCallum	Chairman, Non-executive Director
M. Ryan	Chief Executive Officer and Managing Director
D. Groves	Non-executive Director
G. Helou <sup>1</sup>	Non-executive Director
C. Hooke <sup>1</sup>	Non-executive Director
J. Monk	Non-executive Director
R. Roberts <sup>2</sup>	Non-executive Director
J. Watson	Non-executive Director

#### Notes:

1. From 4 November 2010
2. From 9 December 2010

#### Other Key Management Personnel:

Name	Title
M. Asman <sup>1</sup>	Chief Operating Officer
P. Bennett <sup>2</sup>	Head of Processing
A. Creswell	Chief Financial Officer
P. Jones	General Counsel and Company Secretary
D. Kiemele <sup>2</sup>	Head of Farming
K. Little	Head of Human Resources, QA and OH&S
J. O'Connor	Head of Risk
L. Sams	Head of Sustainability
D. Williams	Head of Sales and Marketing

#### Notes:

1. Until 28 January 2011
2. From 28 January 2011

#### (b) Key Management Personnel Compensation

The aggregate compensation of Key Management Personnel of the consolidated entity and the Company is set out below:

	Consolidated 2011	Consolidated 2010	Company 2011	Company 2010
	\$	\$	\$	\$
Short-term employee benefits	2,620,025	2,337,408	-	-
Post-employment benefits	191,068	195,882	-	-
Share-based payment	201,842	(169)	-	-
Other	34,683	-	-	-
	<b>3,047,618</b>	<b>2,573,121</b>	<b>-</b>	<b>-</b>

Details of the consolidated entity's Key Management Personnel compensation policy and details of Key Management Personnel compensation are discussed in section 20 of the Directors' Report. Compensation for all Key Management Personnel is expensed through Tassal Operations Pty Ltd, therefore Company disclosures are nil balances. An allocation of Key Management Personnel compensation to the Company is considered impractical as such an allocation would be purely arbitrary in nature.



## 5. Key Management Personnel Compensation (cont.)

### (c) Share-based Remuneration

#### (i) Long-term Incentive Plan

The Company established a Long-term Incentive Plan during the financial year ended 30 June 2007. Employees receiving awards under the Long-term Incentive Plan are those of an Executive level (including the Managing Director and Chief Executive Officer).

Under the Company's Long-term Incentive Plan, participants are granted performance rights to ordinary shares, subject to the Company meeting specified performance criteria during the performance period. If these performance criteria are satisfied, ordinary shares will be issued at the end of the performance period. The number of ordinary shares that a participant will ultimately receive will depend on the extent to which the performance criteria are met by the Company. If specified minimum performance hurdles are not met no ordinary shares will be issued in respect of the performance rights.

An employee granted performance rights is not legally entitled to shares in the Company before the performance rights allocated under the Plan vest. A performance right to ordinary shares does not entitle a participant under the Plan to voting rights, participation in new issues of securities or to receive dividends. In the event that shares are issued under the Plan at the end of the performance period pursuant to the performance rights, those shares will rank equally with existing ordinary shares, including entitlement to voting rights. Once shares have vested they remain in a holding lock until the earlier of the employee leaving the consolidated entity, the tenth anniversary (seventh anniversary for performance rights granted after 30 June 2009) of the date the performance rights were awarded or the Board approving an application for their release.

Set out below is a summary of performance rights granted to participants under the Plan (Consolidated and Parent Entity):

Grant date	Vesting date	Balance at start of year (Number)	Granted during the year (Number)	Vested during the year (Number)	Lapsed during the year (Number)	Balance at end of year (Number)
6 Nov 2008	30 June 2011	331,648	-	-	331,648	-
9 Nov 2009	30 June 2012	540,134	-	-	69,856	470,278
10 Nov 2010	30 June 2013	-	453,464	-	-	453,464
		871,782	453,464	-	401,504	923,742

Details of the performance rights holdings of the respective Key Management Personnel, including details of performance rights granted, vested or lapsed during the year are disclosed in Note 38 (a).

The independently assessed fair value at grant date of performance rights granted under the Long-term Incentive Plan during the financial years ended 30 June 2009, 30 June 2010 and 30 June 2011 and applicable to participants was:

Performance condition	Value at grant date
	\$
Performance rights issued during the financial year ended 30 June 2009:	
Earnings per share ('EPS')	412,212
	412,212
Performance rights issued during the financial year ended 30 June 2010:	
Earnings per share ('EPS')	144,712
Total shareholder return ('TSR')	207,359
	352,071
Performance rights issued during the financial year ended 30 June 2011:	
Earnings per share ('EPS')	188,837
Total shareholder return ('TSR')	185,952
	374,789
	<b>1,139,072</b>

The above performance rights valuations have been determined in line with the requirements of AASB 2 'Share-based Payments'. AASB 2 requires the measurement of the fair value of the performance rights at the grant date and then to have that value apportioned in equal amounts over the period from grant date to vesting date.

# Notes to the Financial Statements

## For the year ended 30 June 2011 (cont.)

Tassal Group Limited and Controlled Entities

### (c) Share-based Remuneration (cont.)

#### (i) Long-term Incentive Plan (cont.)

The expense recognised in relation to performance rights applicable to Key Management Personnel for the financial year ended 30 June 2011 is \$201,842 (2010: \$(169)).

100% of the performance rights granted to Key Management Personnel during the financial year ended 30 June 2009 attach to an EPS performance Hurdle. 50% of the performance rights granted to Key Management Personnel during the financial years ended 30 June 2010 and 30 June 2011 attach respectively to each of the EPS and TSR performance hurdles.

The fair value of the performance rights subject to the EPS performance hurdle vesting criteria has been determined by projecting a range of earnings and EPS growth outcomes with reference to sensitivities applied to Management approved forecasts and cash flow projections. The probability weighted number of performance rights to vest under each sensitivity modelled was valued using the share price at grant date of \$1.42 (2010: \$1.715) adjusted for the present value of expected dividends over the vesting Performance Period.

The fair value of the performance rights subject to the TSR performance hurdle vesting criteria (applicable to performance rights issued during the financial years ended 30 June 2010 and 30 June 2011) was determined using a Monte Carlo simulation model utilising the following input metrics:

Grant date	9 November 2009
Grant date share price	\$1.715
Performance (vesting) period	1 July 2009 to 30 June 2012
Expected volatility <sup>(i)</sup>	41%
Dividend yield	4.28%
Risk-free interest rate	5.15%
Grant date	10 November 2010
Grant date share price	\$1.42
Performance (vesting) period	1 July 2010 to 30 June 2013
Expected volatility <sup>(i)</sup>	36%
Dividend yield	4.14%
Risk-free interest rate	5.14%

(i) Expected volatility is based on historical monthly share price volatility over a three year period.

#### (ii) Share Options

There were no options granted to Key Management Personnel during or since the end of the financial year.

### 6. Remuneration of Auditors

	Consolidated 2011	Consolidated 2010	Company 2011	Company 2010
	\$	\$	\$	\$
Audit or review of the financial reports	186,980	146,281	-	-
Non-audit services <sup>(i)</sup>	990	25,565	-	-
	187,970	171,846	-	-

#### Notes:

(i) The "non-audit services" principally refers to the provision of taxation services and other professional services as required. Non-audit services are any services provided, excluding audits required by the *Corporations Act 2001*. All amounts shown above are exclusive of GST.

The parent entity's audit fees were paid for by Tassal Operations Pty Ltd, a wholly-owned subsidiary.

Refer to the Directors' Report for details on compliance with the auditor's independence requirements of the *Corporations Act 2001*.

The auditor of Tassal Group Limited is Deloitte Touche Tohmatsu.

**7. Current Trade and Other Receivables**

	Consolidated 2011	Consolidated 2010	Company 2011	Company 2010
	\$'000	\$'000	\$'000	\$'000
Trade receivables (i)	4,132	20,211	-	-
Allowance for doubtful debts	(11)	(28)	-	-
	4,121	20,183	-	-
Goods and services tax (GST) receivable	1,302	1,401	-	-
Amount receivable from wholly-owned controlled entities (ii)	-	-	123,205	123,729
Other receivables	3,054	3,243	-	-
	8,477	24,827	123,205	123,729

**Notes:**

(i) The average credit period on sales of goods is 30 days from the previous month's statement date. No interest is charged on the trade receivables for the first 60 days from the date of the invoice. Thereafter, interest may be charged at 2% per month on the outstanding balance. An allowance has been made for estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience. During the current financial year the allowance for doubtful debts decreased by \$0.017 million (2010: increased by \$0.017 million). This movement was recognised in the profit or loss for the current financial year.

Included in the Group's trade receivable balance are debtors with a carrying amount of \$3.403 million (2010: \$1.898 million) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

(ii) Amounts receivable from the entities in the wholly-owned group include amounts arising out of the entity's tax-funding agreement. (refer to Note 4 for details).

	Consolidated 2011	Consolidated 2010	Company 2011	Company 2010
	\$'000	\$'000	\$'000	\$'000
<b>Ageing of past due but not impaired</b>				
90 – 120 days	814	1,562	-	-
120+ days	2,589	336	-	-
<b>Total</b>	<b>3,403</b>	<b>1,898</b>	<b>-</b>	<b>-</b>
<b>Movement in allowance for doubtful debts</b>				
Balance at the beginning of the year	(28)	(11)	-	-
Doubtful debts recognised	(281)	(73)	-	-
Amounts written off as uncollectible	298	56	-	-
<b>Balance at the end of the year</b>	<b>(11)</b>	<b>(28)</b>	<b>-</b>	<b>-</b>

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

	Consolidated 2011	Consolidated 2010	Company 2011	Company 2010
	\$'000	\$'000	\$'000	\$'000
<b>Ageing of impaired receivables</b>				
120+ days	11	28	-	-
	11	28	-	-

# Notes to the Financial Statements

## For the year ended 30 June 2011 (cont.)

Tassal Group Limited and Controlled Entities

### 8. Current Inventories

	Consolidated 2011	Consolidated 2010	Company 2011	Company 2010
	\$'000	\$'000	\$'000	\$'000
Raw materials	8,320	8,587	-	-
Finished goods	40,026	31,398	-	-
	<b>48,346</b>	<b>39,985</b>	<b>-</b>	<b>-</b>

### 9. Biological Assets

#### Livestock at fair value<sup>(i)</sup>

Opening balance	128,281	100,169	-	-
Gain or loss arising from changes in fair value less estimated point of sale costs	199,929	178,899	-	-
Increases due to purchases	7,907	8,098	-	-
Decreases due to harvest	(188,179)	(158,885)	-	-
<b>Closing balance</b>	<b>147,938</b>	<b>128,281</b>	<b>-</b>	<b>-</b>

(i) Tassal Operations Pty Ltd grows fish from juveniles through to harvest (approximately 16 months).  
Total weight of live finfish at the end of the year was 18,979 tonnes (2010: 15,419 tonnes).

### 10. Other Current Financial Assets

Loans carried at amortised cost:

Loans to other related parties	511	511	-	-
	<b>511</b>	<b>511</b>	<b>-</b>	<b>-</b>

### 11. Other Current Assets

Prepayments	828	953	-	-
	<b>828</b>	<b>953</b>	<b>-</b>	<b>-</b>

### 12. Non-Current Trade and Other Receivables

Other receivables from related parties	-	561	-	-
	<b>-</b>	<b>561</b>	<b>-</b>	<b>-</b>

**13. Investments Accounted for Using the Equity Method**

	Consolidated 2011	Consolidated 2010	Company 2011	Company 2010
	\$'000	\$'000	\$'000	\$'000
Investments in associates	6,654	7,427	-	-
Investments in jointly controlled entities	-	-	-	-
	6,654	7,427	-	-
<b>Reconciliation of movement in investments accounted for using the equity method</b>				
Balance at the beginning of the financial year	7,427	7,907	-	-
Share of profit/(loss) for the year	(773)	145	-	-
Additions	-	490	-	-
Disposals	-	(1,115)	-	-
<b>Balance at the end of the financial year</b>	<b>6,654</b>	<b>7,427</b>	<b>-</b>	<b>-</b>

Name of entity	Principal activity	Country of Incorporation	Ownership interest	
			2011	2010
			%	%
<b>Associates:</b>				
Salmon Enterprises of Tasmania Pty Ltd <sup>(i)</sup>	Atlantic salmon hatchery	Australia	68.94	68.94

**Notes:**

(i) The Consolidated entity owns 68.94% (2010: 68.94%) of the issued capital and 61.22% (2010: 61.22%) of the voting shares of Salmon Enterprises of Tasmania Pty Ltd (**Saltas**). Saltas supplies smolt to the Tasmanian aquaculture industry.

Saltas is an Associate of the Company, however the Board does not consider it appropriate to consolidate Saltas as the nature of the voting powers of the Board members as detailed in the Constitution of Saltas is such that the consolidated entity does not have the capacity to control Saltas.

# Notes to the Financial Statements

## For the year ended 30 June 2011 (cont.)

Tassal Group Limited and Controlled Entities

Summarised financial information of associates: <sup>(i)</sup>	Consolidated 2011	Consolidated 2010
	\$'000	\$'000
Current assets	5,412	320
Non-current assets	27,348	14,269
	<b>32,760</b>	14,589
Current liabilities	(2,143)	(2,133)
Non-current liabilities	(10,518)	(1,987)
	<b>(12,661)</b>	(4,120)
Net assets	20,099	10,469
Revenue	7,642	6,773
Net profit/(loss)	797	83
<b>Share of associates' profit/(loss):</b>		
Share of profit/(loss) before income tax	(900)	(1,036)
Income tax (expense)/benefit	127	1,312
Share of associates' profit/(loss) – current period	<b>(773)</b>	276
Summarised financial information of jointly controlled entities: <sup>(i)</sup>	Consolidated 2011	Consolidated 2010
	\$'000	\$'000
Current assets	-	-
Non-current assets	-	-
	-	-
Current liabilities	-	-
Non-current liabilities	-	-
	-	-
Net assets	-	-
Revenue	-	-
Net profit/(loss)	-	-
<b>Share of jointly controlled entities' profit/(loss):</b>		
Share of profit/(loss) before income tax	-	(189)
Income tax (expense)/benefit	-	58
Share of jointly controlled entities' profit/(loss) – current period	-	(131)
<b>Total share of associates' and jointly controlled entities' profit/(loss)</b>	<b>(773)</b>	145

(i) Profit and loss resulting from upstream and downstream transactions between an investor and an associate or a joint venture entity are recognised in the investor's financial statements only to the extent of unrelated investors' interest in the associate or joint venture entity.

#### 14. Other Non-current Financial Assets

	Consolidated 2011	Consolidated 2010	Company 2011	Company 2010
	\$'000	\$'000	\$'000	\$'000
Shares in other entities	43	43	-	-
Shares in controlled entities at cost	-	-	28,119	28,119
Loans to other parties	60	70	-	-
	<b>103</b>	113	<b>28,119</b>	28,119



## 15. Property, Plant and Equipment

Consolidated: 2011	Freehold land at fair value	Buildings at fair value	Plant and equipment at cost	Equipment under finance lease at cost	Capital works in progress at cost	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Gross carrying amount</b>						
Balance at 30 June 2010	5,365	38,101	68,188	91,466	9,460	212,580
Additions	20	2,273	6,917	15,691	15,491	40,392
Disposals	-	-	(85)	-	-	(85)
Transfers to asset categories	-	97	438	8,925	(9,460)	-
Net revaluation increment	-	-	-	-	-	-
<b>Balance at 30 June 2011</b>	<b>5,385</b>	<b>40,471</b>	<b>75,458</b>	<b>116,082</b>	<b>15,491</b>	<b>252,887</b>
<b>Accumulated depreciation</b>						
Balance at 30 June 2010	-	(713)	(20,294)	(18,011)	-	(39,018)
Depreciation expense	-	(1,380)	(8,256)	(4,149)	-	(13,785)
Disposals	-	-	85	-	-	85
Transfers to asset categories	-	13	(13)	-	-	-
Net adjustments from revaluations	-	-	-	-	-	-
<b>Balance at 30 June 2011</b>	<b>-</b>	<b>(2,080)</b>	<b>(28,478)</b>	<b>(22,160)</b>	<b>-</b>	<b>(52,718)</b>
<b>Net book value</b>						
Balance at 30 June 2010	5,365	37,388	47,894	73,455	9,460	173,562
<b>Balance at 30 June 2011</b>	<b>5,385</b>	<b>38,392</b>	<b>46,980</b>	<b>93,922</b>	<b>15,491</b>	<b>200,169</b>

Consolidated: 2010	Freehold land at fair value	Buildings at fair value	Plant and equipment at cost	Equipment under finance lease at cost	Capital works in progress at cost	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Gross carrying amount</b>						
Balance at 30 June 2009	3,753	17,662	46,069	66,774	24,383	158,641
Additions	-	16,474	15,564	7,001	9,460	48,499
Disposals	-	-	(5)	-	-	(5)
Transfers to asset categories	-	132	6,560	17,691	(24,383)	-
Net revaluation increment	1,612	3,833	-	-	-	5,445
<b>Balance at 30 June 2010</b>	<b>5,365</b>	<b>38,101</b>	<b>68,188</b>	<b>91,466</b>	<b>9,460</b>	<b>212,580</b>
<b>Accumulated depreciation</b>						
Balance at 30 June 2009	-	(1,061)	(15,476)	(12,934)	-	(29,471)
Depreciation expense	-	(1,182)	(4,820)	(5,077)	-	(11,079)
Disposals	-	-	2	-	-	2
Transfers to asset categories	-	-	-	-	-	-
Net adjustments from revaluations	-	1,530	-	-	-	1,530
<b>Balance at 30 June 2010</b>	<b>-</b>	<b>(713)</b>	<b>(20,294)</b>	<b>(18,011)</b>	<b>-</b>	<b>(39,018)</b>
<b>Net book value</b>						
Balance at 30 June 2009	3,753	16,601	30,593	53,840	24,383	129,170
<b>Balance at 30 June 2010</b>	<b>5,365</b>	<b>37,388</b>	<b>47,894</b>	<b>73,455</b>	<b>9,460</b>	<b>173,562</b>

An independent valuation of the Group's freehold land and freehold and leasehold buildings was performed by Mr M.J.Page [B.Bus.(Property AAP)] to determine the fair value of the land and buildings. The valuation conforms to Australian Valuations Standards, and was effective as at 19 June 2010.

# Notes to the Financial Statements

## For the year ended 30 June 2011 (cont.)

Tassal Group Limited and Controlled Entities

### 16. Goodwill

	Consolidated 2011	Consolidated 2010	Company 2011	Company 2010
	\$'000	\$'000	\$'000	\$'000
<b>Gross carrying amount</b>				
Balance at the beginning of financial year	14,851	14,851	-	-
Additional amounts recognised from business combinations occurring during the period	-	-	-	-
Balance at the end of financial year	14,851	14,851	-	-
<b>Accumulated impairment losses</b>				
Balance at the beginning of financial year	-	-	-	-
Impairment losses for the year	-	-	-	-
Balance at the end of the financial year	-	-	-	-
<b>Net book value</b>				
Balance at the beginning of the financial year	14,851	14,851	-	-
Balance at the end of the financial year	14,851	14,851	-	-

### Impairment test for goodwill

Goodwill relates to the consolidated entity's acquisition of the wholly-owned controlled entity, Aquatas Pty Ltd. The recoverable amount of goodwill is determined based on the value-in-use calculation. This calculation uses a discounted cash flow projection using a pre-tax discount rate of 12.17% (2010: 11.43%). The calculation is based on management approved cash flows and financial projections to 2016, and a further five year forecast to 2021, of the continued and incremental cash flow synergies to be derived from the acquisition of Aquatas Pty Ltd. The forecast period has been selected as this approximates a sufficient number of finfish growth cycles which deliver the related synergies underpinning the projected cash flows to be generated. The incremental cash flows have been derived from a comparison of the consolidated entity's profit performance achieved during the current reporting period and the respective stand alone profitability of Aquatas Pty Ltd and the consolidated entity immediately prior to the acquisition, with the latter as detailed in the Independent Expert's Report which accompanied the Notice of General Meeting held on 17 March 2005 approving the issue of shares to Webster Limited. The recoverable amount calculated exceeds the carrying value of goodwill. The cash flows beyond a five-year period have been extrapolated using a 0% per annum growth rate.

**17. Other Intangible Assets**

	Consolidated 2011	Consolidated 2010	Company 2011	Company 2010
	\$'000	\$'000	\$'000	\$'000
<b>Gross carrying amount</b>				
Balance at the beginning of financial year	24,184	24,184	-	-
Additional amounts recognised from acquisition of Superior Gold Brand	-	-	-	-
Balance at the end of financial year	24,184	24,184	-	-
<b>Accumulated impairment losses</b>				
Balance at the beginning of financial year	-	-	-	-
Impairment losses for the year	-	-	-	-
Balance at the end of financial year	-	-	-	-
<b>Net book value</b>				
Balance at the beginning of financial year	24,184	24,184	-	-
Balance at the end of financial year	24,184	24,184	-	-

**Impairment test and useful life assessment for other intangible assets**

The carrying value of other intangible assets relating to the Superior Gold brand as at 30 June 2011 is \$24.184 million (2010: \$24.184 million). Management have assessed that the brand has an indefinite useful life. There is no foreseeable limited life for the brand and management has no intentions of ceasing use of the brand such that the life would be limited. The Brand will continue to be actively promoted and supported in the markets where Superior Gold branded products are sold.

The recoverable amount of other intangible assets is determined based on the value-in-use calculation. This calculation uses a discounted cash flow projection using a pre-tax discount rate of 12.17% (2010: 11.43%). The calculation is based on management approved cash flows and financial projections expected to be derived from the contribution of Superior Gold branded product sales for the financial year ended 30 June 2011, and projections over a further forecast period to 2021. The forecast period has been selected as this approximates a sufficient number of sales cycles for the projected cash flows to be generated and over which the benefits of continued marketing and brand support initiatives are expected to be derived. The recoverable amount calculated exceeds the carrying value of the Superior Gold brand. The cash flows beyond a five-year period have been extrapolated using a 0% per annum growth rate.

**18. Other Non-current Assets**

	Consolidated 2011	Consolidated 2010	Company 2011	Company 2010
	\$'000	\$'000	\$'000	\$'000
Marine farming lease – at cost	827	827	-	-
Accumulated amortisation <sup>(i)</sup>	(305)	(275)	-	-
	522	552	-	-

(i) Amortisation expense is included in the line item "depreciation and amortisation" in the income statement.

**19. Assets Pledged as Security**

In accordance with the security arrangements of liabilities, as disclosed in Notes 21 and 24 to the financial statements, all current and non-current assets of the consolidated entity, except goodwill and deferred tax assets, have been pledged as security.

The consolidated entity does not hold title to the equipment under finance lease pledged as security.

# Notes to the Financial Statements

## For the year ended 30 June 2011 (cont.)

Tassal Group Limited and Controlled Entities

	Consolidated 2011	Consolidated 2010	Company 2011	Company 2010
	\$'000	\$'000	\$'000	\$'000
<b>20. Current Trade and Other Payables</b>				
Trade payables <sup>(i)</sup>	33,462	32,257	-	-
Other creditors and accruals	4,712	7,658	-	-
Goods and services tax (GST) payable	34	17	-	-
	<b>38,208</b>	<b>39,932</b>	<b>-</b>	<b>-</b>

- (i) The average credit period on purchases of goods is 60 days. No interest is generally charged on trade payables for the first 60 days from the date of the invoice. Thereafter, interest may be charged at varying rates per annum on the outstanding balance. The consolidated entity has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

### 21. Current Borrowings

#### Secured:

##### At amortised cost

Bank overdrafts <sup>(i)</sup>	-	13	-	-
Finance lease liabilities <sup>(ii)</sup>	16,502	16,204	-	-
Bank loans <sup>(iii)</sup>	29,794	21,649	-	-
	<b>46,296</b>	<b>37,866</b>	<b>-</b>	<b>-</b>

#### Unsecured:

##### At amortised cost

Other loans	3	3	-	-
	<b>46,299</b>	<b>37,869</b>	<b>-</b>	<b>-</b>

- (i) Secured by registered mortgages over the consolidated entity's assets and undertakings, freehold land and buildings and shares in other related parties, the current market value of which exceeds the value of the mortgages.
- (ii) Secured by assets leased.
- (iii) Secured by assets, the value of which exceeds the loan liability.

### 22. Current Provisions

Current provisions comprise:

Employee benefits (refer to Note 25)	3,743	3,199	-	-
	<b>3,743</b>	<b>3,199</b>	<b>-</b>	<b>-</b>

- (i) The current provision for employee entitlements includes \$0.599 million (2010: \$0.436 million) of annual leave and vested long service leave entitlements accrued but not expected to be taken within twelve months.

**23. Other Current Liabilities**

	Consolidated 2011	Consolidated 2010	Company 2011	Company 2010
	\$'000	\$'000	\$'000	\$'000
Deferred government grants	836	1,804	-	-
Other	8	9	-	-
	844	1,813	-	-

**24. Non-current Borrowings****Secured:****At amortised cost:**

Cash advance <sup>(i)</sup>	35,755	34,537	-	-
Finance lease liabilities <sup>(ii)</sup>	13,346	21,389	-	-
	49,101	55,926	-	-

**Unsecured:****At amortised cost:**

Other loans	14	17	-	-
	49,115	55,943	-	-

(i) Secured by registered mortgages over the consolidated entity's assets and undertakings, freehold land and buildings and shares in other related parties, the current market value of which exceeds the value of the mortgages.

(ii) Secured by assets leased.

**25. Non-current Provisions**

<b>Employee benefits</b>	<b>692</b>	<b>626</b>	<b>-</b>	<b>-</b>
The aggregate employee benefit liability recognised and included in the financial statements is as follows:				
<b>Provision for employee benefits</b>				
Current (refer to Note 22)	3,743	3,199	-	-
Non-current	692	626	-	-
	4,435	3,825	-	-

**26. Other Non-current Liabilities**

Other	2	10	-	-
	2	10	-	-

# Notes to the Financial Statements

## For the year ended 30 June 2011 (cont.)

Tassal Group Limited and Controlled Entities

### 27. Issued Capital

	Consolidated and Company				
	Note	2011		2010	
		Number	\$'000	Number	\$'000
<b>(a) Ordinary share capital (fully paid):</b>					
Ordinary shares		146,304,404	154,027	144,197,882	151,177
Changes to the Corporations Law abolished the authorised capital and par value concepts in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.					
<b>(b) Movements in ordinary share capital</b>					
Balance as at the beginning of the financial year		144,197,882	151,177	136,589,971	139,605
Issue of shares pursuant to Dividend Reinvestment Plan	(i)	665,861	911	3,207,419	4,873
Issue of shares pursuant to underwriting agreement relating to Dividend Reinvestment Plan	(ii)	1,440,661	1,971	3,966,722	6,212
Share issue costs		-	(32)	-	(112)
Issue of shares pursuant to Executive Long Term Incentive Plan	(iii)	-	-	433,770	599
<b>Balance as at the end of the financial year</b>		<b>146,304,404</b>	<b>154,027</b>	<b>144,197,882</b>	<b>151,177</b>

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

#### Notes:

- (i) Shares issued pursuant to the Company's Dividend Reinvestment Plan:
- Current financial year:**  
On October 11 2010, 665,861 ordinary shares were issued pursuant to the Company's Dividend Reinvestment Plan at an issue price of \$1.3680 per share.  
A discount of 5% was applicable.
- Previous financial year:**  
On October 8 2009, 1,040,042 ordinary shares were issued pursuant to the Company's Dividend Reinvestment Plan at an issue price of \$1.6435 per share.  
A discount of 5% was applicable.
- On April 1 2010, 2,167,377 ordinary shares were issued pursuant to the Company's Dividend Reinvestment Plan at an issue price of \$1.4599 per share.  
A discount of 5% was applicable.
- (ii) Shares issued pursuant to underwriting agreement relating to the Company's Dividend Reinvestment Plan:
- Current financial year:**  
On October 11 2010, 1,440,661 ordinary shares were issued to Austock Securities Limited at an issue price of \$1.3680 per share and pursuant to an underwriting agreement relating to the Company's Dividend Reinvestment Plan.
- Previous financial year:**  
On October 8 2009, 2,291,864 ordinary shares were issued to Austock Securities Limited at an issue price of \$1.6435 per share and pursuant to an underwriting agreement relating to the Company's Dividend Reinvestment Plan.
- On April 1 2010, 1,674,858 ordinary shares were issued to Austock Securities Limited at an issue price of \$1.4599 per share and pursuant to an underwriting agreement relating to the Company's Dividend Reinvestment Plan.
- (iii) Shares issued pursuant to the Company's Executive Long Term Incentive Plan:
- Previous financial year:**  
On 15 September 2009, 433,770 ordinary shares were issued pursuant to the Company's Executive Long Term Incentive Plan at an issue price of \$1.3803 per share.



**28. Reserves**

	Consolidated 2011	Consolidated 2010	Company 2011	Company 2010
	\$'000	\$'000	\$'000	\$'000
Equity-settled employee benefits	350	117	350	117
Hedging	-	-	-	-
Asset revaluation	9,515	9,515	-	-
	<b>9,865</b>	9,632	<b>350</b>	117
<b>(a) Equity-settled employee benefits reserve</b>				
Balance at the beginning of the financial year	117	809	117	809
Share-based payment	233	(93)	233	(93)
Issue of shares pursuant to Executive Long Term Incentive Plan	-	(599)	-	(599)
<b>Balance at the end of the financial year</b>	<b>350</b>	117	<b>350</b>	117

The equity-settled employee benefits reserve arises on the grant of ordinary shares to the Chief Executive Officer pursuant to entitlements under his employment contract and in respect of performance rights issued to the Chief Executive Officer and senior Executives pursuant to the Company's Long-term Incentive Plan. Amounts are transferred out of the reserve and into issued capital when the shares are issued.

**(b) Hedging reserve**

Balance as at the beginning of the financial year	-	(1,278)	-	-
Gain/(loss) recognised on cash flow hedges:				
Forward exchange contracts	-	-	-	-
Income tax related to gains/losses recognised in equity	-	-	-	-
Transfer to profit or loss:				
Forward exchange contracts	-	1,826	-	-
Income tax related to gains/losses transferred to profit or loss	-	(548)	-	-
<b>Balance at the end of the financial year</b>	<b>-</b>	-	<b>-</b>	-

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in profit or loss when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

**(c) Asset revaluation reserve**

Balance as at the beginning of the financial year	9,515	4,632	-	-
Revaluation increments	-	6,975	-	-
Deferred tax liability arising on revaluation	-	(2,092)	-	-
<b>Balance as at the end of the financial year</b>	<b>9,515</b>	9,515	<b>-</b>	-

The asset revaluation reserve arises on the revaluation of freehold land and freehold and leasehold buildings. Where a revalued land or building is sold, that portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred directly to retained profits.

(Refer to Note 15 for details of independent valuation of freehold land and freehold and leasehold buildings).

# Notes to the Financial Statements

## For the year ended 30 June 2011 (cont.)

Tassal Group Limited and Controlled Entities

### 29. Retained Earnings

	Consolidated 2011	Consolidated 2010	Company 2011	Company 2010
	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the financial year	84,393	67,479	3,444	2,915
Net profit attributable to members of the parent entity	30,280	28,009	2,884	11,624
Dividends provided for or paid (refer to Note 31)	(2,884)	(11,095)	(2,884)	(11,095)
<b>Balance at the end of the financial year</b>	<b>111,789</b>	<b>84,393</b>	<b>3,444</b>	<b>3,444</b>

### 30. Earnings Per Share (EPS)

	Consolidated 2011	Consolidated 2010
	(Cents per share)	(Cents per share)
<b>Earnings per ordinary share</b>		
Basic (cents per share) <sup>(i)</sup>	20.78	19.96
Diluted (cents per share) <sup>(ii)</sup>	20.70	19.93
<p>(i) Basic earnings per share is calculated by dividing the net profit for the reporting period by the weighted average number of ordinary shares of the Company.</p> <p>(ii) Diluted earnings per share is calculated by dividing the net profit for the reporting period by the weighted average number of ordinary shares outstanding including dilutive potential ordinary shares.</p>		
	2011	2010
	No. '000	No. '000
<b>Weighted average number of ordinary shares used as the denominator in the calculation of EPS</b>		
Number for basic EPS	145,716	140,320
Shares deemed to be issued for no consideration in respect of performance rights issued pursuant to Long-term Incentive Plan	544	242
Number for diluted EPS	146,260	140,562
	2011	2010
	\$'000	\$'000
<b>Earnings used as the numerator in the calculation of EPS <sup>(i)</sup></b>		
Earnings for basic EPS	30,280	28,009
Earnings for diluted EPS	30,280	28,009

(i) Earnings used in the calculation of basic and diluted earnings per share is as per net profit in the income statement.

**31. Dividends**

	Year Ended 30 June 2011		Year Ended 30 June 2010	
	Cents per share	\$'000	Cents per share	\$'000
<i>(a) Recognised amounts</i>				
<b>Fully paid ordinary shares</b>				
Interim dividend in respect of current financial year (Unfranked)	-	-	4.00	5,614
Final dividend paid in respect of prior financial year (Unfranked)	2.00	2,884	4.00	5,481
	<b>2.00</b>	<b>2,884</b>	8.00	11,095

The Company has not paid tax and therefore has no franking credits available at the reporting date.

*(b) Unrecognised amounts***Fully paid ordinary shares**

Final dividend in respect of current financial year (Unfranked)	2.00	2,926	2.00	2,884
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On 22 August 2011, the Directors declared a final unfranked dividend of \$2.926 million (2.00 cents per ordinary share) in respect of the financial year ended 30 June 2011. The record date for determining entitlements to this dividend is 15 September 2011. The final dividend will be paid on 6 October 2011.

The Company will not have any franking credits available for distribution at the date of the dividend payment. Franking credits will arise when the Company makes income tax payments.

The final dividend in respect of ordinary shares for the year ended 30 June 2011 has not been recognised in these financial statements because the final dividend was declared subsequent to 30 June 2011.

No portion of the unfranked final dividend declared for the financial year ended 30 June 2011 constitutes Conduit Foreign Income.

**32. Commitments for Expenditure <sup>(i)</sup>**

	Consolidated 2011	Consolidated 2010	Company 2011	Company 2010
	\$'000	\$'000	\$'000	\$'000
<b>Capital expenditure commitments</b>				
<b>Plant and equipment</b>				
Not longer than 1 year	4,859	5,944	-	-
Longer than 1 year and not longer than 5 years	-	-	-	-
Longer than 5 years	-	-	-	-
	<b>4,859</b>	5,944	-	-

(i) Finance lease liabilities and non-cancellable operating lease commitments are disclosed in Note 33 to the financial statements.

# Notes to the Financial Statements

## For the year ended 30 June 2011 (cont.)

Tassal Group Limited and Controlled Entities

### 33. Leases

#### (a) Finance lease liabilities

	Minimum future lease payments				Present value of minimum future lease payments			
	Consolidated		Company		Consolidated		Company	
	2011	2010	2011	2010	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Not later than 1 year	18,301	18,569	-	-	16,502	16,204	-	-
Later than 1 year and not later than 5 years	14,727	22,613	-	-	13,210	21,138	-	-
Later than 5 years	143	276	-	-	136	251	-	-
Minimum lease payments*	33,171	41,458	-	-	29,848	37,593	-	-
Less future finance charges	(3,323)	(3,865)	-	-	-	-	-	-
Present value of minimum lease payments	29,848	37,593	-	-	29,848	37,593	-	-
Included in the financial statements as:								
Current borrowings (refer to Note 21)					16,502	16,204	-	-
Non-current borrowings (refer to Note 24)					13,346	21,389	-	-
					29,848	37,593	-	-

\* Minimum future lease payments includes the aggregate of all lease payments and any guaranteed residual.

Finance lease liabilities relate to various plant and equipment with lease terms of up to ten years.

#### (b) Non-cancellable operating leases

	Consolidated 2011	Consolidated 2010	Company 2011	Company 2010
	\$'000	\$'000	\$'000	\$'000
Not longer than 1 year	2,794	2,841	-	-
Longer than 1 year and not longer than 5 years	5,097	6,003	-	-
Longer than 5 years	1,681	2,648	-	-
	9,572	11,492	-	-

The consolidated entity leases property and equipment under non-cancellable operating leases with terms of one to ten years. Contracts for specific property leases for hatchery, processing and marine lease infrastructure are for terms of 10 years, with options to renew for a further 5 year term incorporating contract CPI review clauses.

Contracts for specific property leases for corporate offices and related infrastructure are for an initial term of 5 years with an option to renew for a further 5 year term incorporating market review clauses.

### 34. Contingent Liabilities and Contingent Assets

There are no contingent liabilities or contingent assets at the date of this Annual Financial Report.

### 35. Investments in Controlled Entities

Details of controlled entities are reflected below:

Name of entity	Country of incorporation	Ownership interest	
		2011	2010
<b>Parent entity:</b>			
Tassal Group Limited <sup>(i)</sup>	Australia		
<b>Controlled entities:</b> <sup>(ii)</sup>			
Tassal Operations Pty Ltd <sup>(iii) (v)</sup>	Australia	100%	100%
Aquatas Pty Ltd <sup>(iv) (v)</sup>	Australia	100%	100%

#### Notes:

- (i) Tassal Group Limited is the head entity within the tax-consolidated group and also the ultimate parent entity.
- (ii) These companies are members of the tax-consolidated group.
- (iii) Tassal Operations Pty Ltd was established as a wholly-owned subsidiary on 19 September 2003.
- (iv) Aquatas Pty Ltd was acquired on 18 March 2005 pursuant to a Merger Agreement with Webster Limited.
- (v) On 28th June 2006 these wholly-owned subsidiaries entered into a deed of cross guarantee with Tassal Group Limited for the purpose of obtaining for these wholly-owned subsidiaries the benefit of relief from complying with certain accounting and audit requirements of the Corporations Act (including the requirements to prepare and lodge an audited financial report) granted by ASIC by an order made under sub-section 340(1) of the Corporations Act on 27th June 2006. The order made by ASIC relieves these wholly-owned subsidiaries from complying with the same provisions of the Corporations Act as they would be relieved from complying with if they satisfied the conditions set out in ASIC Class Order 98/1418.

### 36. Segment Information

AASB 8 '*Operating Segments*' requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Tassal's system of internal reporting to key management personnel is such that there is only one reportable segment as defined in AASB 8, this being the sale of finfish.

### 37. Seasonality

The consolidated entity's principal activities, being principally the hatching, farming, processing, sales and marketing of Atlantic Salmon are not generally subject to material or significant seasonal fluctuations.

### 38. Related Party Disclosures

#### Identity of related parties

The following persons and entities are regarded as related parties:

#### Controlled entities:

Tassal Operations Pty Ltd

Aquatas Pty Ltd

(Refer to Note 35 for details of equity interests in the above controlled companies).

#### Associates:

Salmon Enterprises of Tasmania Pty Ltd

(Refer to Note 13 for details of equity interests in the above associates).

#### Key Management Personnel:

Directors and other Key Management Personnel also include close members of the families of Directors and other Key Management Personnel.

#### Transactions between related parties

##### (a) Key Management Personnel

In determining the disclosures noted below, the Key Management Personnel have made appropriate enquiries to their best ability and the information presented reflects their knowledge.

Other than as disclosed herein, the Key Management Personnel are not aware of any relevant transactions, other than transactions entered into during the year with Directors and Executives of the Company and its controlled entities and with close members of their families which occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those, it is reasonable to expect the entity would have adopted if dealing at arm's length with an unrelated person.

##### (i) Loans

There have been no loans entered into during or since the end of the financial year to or from Key Management Personnel.

##### (ii) Compensation

Details of Key Management Personnel compensation are disclosed in the Remuneration Report and in Note 5 to the financial statements.

# Notes to the Financial Statements

## For the year ended 30 June 2011 (cont.)

Tassal Group Limited and Controlled Entities

### 38. Related Party Disclosures (cont.)

#### (a) Key Management Personnel (cont.)

(iii) Equity Holdings

(Fully paid ordinary shares of Tassal Group Limited)

The following tables show details and movements in equity holdings of fully paid ordinary shares during the respective current and prior reporting periods of each member of the Key Management Personnel of the consolidated entity.

2011:	Balance as at 01.07.10	Balance at appointment date (if applicable)	On exercise of performance rights	On exercise of options	Net other change	Balance at resignation date (if applicable)	Balance as at 30.06.11	Balance held nominally
	No.	No.	No.	No.	No.	No.	No.	No.
<b>Directors:</b>								
D. Groves	3,157	-	-	-	26,046	-	29,203	-
G. Helou (appointed 4 November 2010)	-	-	-	-	-	-	-	-
C. Hooke (appointed 4 November 2010)	-	-	-	-	-	-	-	-
A. McCallum	253,062	-	-	-	3,699	-	256,761	-
J. Monk	178,468	-	-	-	2,609	-	181,077	-
R. Roberts* (resigned 9 December 2010)	28,910,367	-	-	-	-	28,910,367	-	-
M. Ryan <sup>1</sup>	370,584	-	-	-	-	-	370,584	-
J. Watson	146,094	-	-	-	2,136	-	148,230	-
<b>Other Key Management Personnel:</b>								
M. Asman (resigned on 28 January 2011)	53,346	-	-	-	-	53,346	-	-
P. Bennett (appointed as key management on 28 January 2011)	-	-	-	-	-	-	-	-
A. Creswell	29,202	-	-	-	-	-	29,202	-
P. Jones	-	-	-	-	-	-	-	-
D. Kiemlele (appointed as key management on 28 January 2011)	-	-	-	-	-	-	-	-
K. Little	-	-	-	-	-	-	-	-
J. O'Connor	-	-	-	-	-	-	-	-
L. Sams	-	-	-	-	-	-	-	-
D. Williams	50,614	-	-	-	-	-	50,614	-
<b>Total</b>	<b>29,994,894</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,490</b>	<b>28,963,713</b>	<b>1,065,671</b>	<b>-</b>

\* 28,910,367 ordinary shares were held by Webster Limited. Mr Roberts was a Director of Webster Limited throughout his appointment as a director of the Company.

<sup>1</sup> Details of Mr Ryan's share-based remuneration arrangements are separately disclosed in the Remuneration Report and Note 5 (c).

2010:	Balance as at 01.07.09	Balance at appointment date (if applicable)	On exercise of performance rights	On exercise of options	Net other change	Balance at resignation date (if applicable)	Balance as at 30.06.10	Balance held nominally
	No.	No.	No.	No.	No.	No.	No.	No.
<b>Directors:</b>								
D. Groves	3,000	-	-	-	157	-	3,157	-
A. McCallum	215,709	-	-	-	37,353	-	253,062	-
J. Monk	152,581	-	-	-	25,887	-	178,468	-
R. Roberts*	28,139,372	-	-	-	770,995	-	28,910,367	-
M. Ryan <sup>1</sup>	300,246	-	170,338	-	(100,000)	-	370,584	-
J. Watson	118,819	-	-	-	27,275	-	146,094	-
<b>Other Key Management Personnel:</b>								
M. Asman	2,732	-	50,614	-	-	-	53,346	-
N. Burrows (resigned 18/12/2009)	10,000	-	50,614	-	-	60,614	-	-
A. Creswell (appointed 18/12/2009)	-	-	29,202	-	-	-	29,202	-
P. Jones (appointed 18/12/2009)	-	-	-	-	-	-	-	-
K. Little	-	-	36,501	-	(36,501)	-	-	-
J. O'Connor (appointed 15/01/2010)	-	-	-	-	-	-	-	-
L. Sams (appointed 02/07/2009)	-	-	-	-	-	-	-	-
D. Williams	-	-	50,614	-	-	-	50,614	-
<b>Total</b>	<b>28,942,459</b>	<b>-</b>	<b>387,883</b>	<b>-</b>	<b>725,166</b>	<b>60,614</b>	<b>29,994,894</b>	<b>-</b>

\* 28,139,372 ordinary shares are held by Webster Limited. Mr Roberts was a Director of Webster Limited throughout the financial year ended 30 June 2010.

<sup>1</sup> Details of Mr Ryan's share-based remuneration arrangements are separately disclosed in the Remuneration Report and Note 5 (c).



**38. Related Party Disclosures (cont.)****(a) Key Management Personnel (cont.)**

(iii) Equity Holdings (cont.)

*Long-term Incentive Plan – Performance Rights*

The following table shows details and movements in equity holdings of performance rights granted pursuant to the Company's Long-term Incentive Plan during the current reporting period of each member of the Key Management Personnel of the consolidated entity:

2011:	Balance as at 01.07.10	Balance at appointment date (if applicable)	Granted	Vested	Lapsed	Net other change	Balance as at 30.06.11	Balance held nominally
	No.	No.	No.	No.	No.	No.	No.	No.
<b>Directors:</b>								
D. Groves	-	-	-	-	-	-	-	-
G. Helou (appointed 4 November 2010)	-	-	-	-	-	-	-	-
C. Hooke (appointed 4 November 2010)	-	-	-	-	-	-	-	-
A. McCallum	-	-	-	-	-	-	-	-
J. Monk	-	-	-	-	-	-	-	-
R. Roberts (resigned 9 December 2010)	-	-	-	-	-	-	-	-
M. Ryan <sup>1</sup>	226,331	-	160,543	-	(97,413)	-	289,461	-
J. Watson	-	-	-	-	-	-	-	-
<b>Other Key Management Personnel:</b>								
M. Asman (resigned on 28 January 2011)	88,014	-	-	-	(88,014)	-	-	-
P. Bennett (appointed as key management on 28 January 2011)	45,859	78,388	-	-	(19,738)	-	58,650	-
A. Creswell	43,267	-	37,448	-	(18,622)	-	62,093	-
P. Jones	38,717	-	48,214	-	-	-	86,931	-
D. Kiemele (appointed as key management on 28 January 2011)	19,358	47,444	-	-	-	-	47,444	-
K. Little	45,932	-	35,976	-	(19,553)	-	62,355	-
J. O'Connor	45,204	-	32,329	-	(19,243)	-	58,290	-
L. Sams	26,327	-	32,786	-	-	-	59,113	-
D. Williams	21,406	-	45,553	-	(9,213)	-	57,746	-
<b>Total</b>	<b>600,415</b>	<b>125,832</b>	<b>392,849</b>	<b>-</b>	<b>(271,796)</b>	<b>-</b>	<b>782,083</b>	<b>-</b>

1 Details of Mr Ryan's share-based remuneration arrangements are separately disclosed in the Remuneration Report and Note 5 (c).

2010:	Balance as at 01.07.09	Balance at appointment date (if applicable)	Granted	Vested	Lapsed	Net other change	Balance as at 30.06.10	Balance held nominally
	No.	No.	No.	No.	No.	No.	No.	No.
<b>Directors:</b>								
D. Groves	-	-	-	-	-	-	-	-
A. McCallum	-	-	-	-	-	-	-	-
J. Monk	-	-	-	-	-	-	-	-
R. Roberts	-	-	-	-	-	-	-	-
M. Ryan <sup>1</sup>	164,184	-	128,918	-	(66,771)	-	226,331	-
J. Watson	-	-	-	-	-	-	-	-
<b>Other Key Management Personnel:</b>								
M. Asman	61,028	-	50,133	-	(23,147)	-	88,014	-
N. Burrows (resigned 18/12/2009)	46,955	-	36,580	-	(83,535)	-	-	-
A. Creswell (appointed 18/12/2009)	-	32,249	24,645	-	(13,627)	-	43,267	-
P. Jones (appointed 18/12/2009)	-	-	38,717	-	-	-	38,717	-
K. Little	33,861	-	26,379	-	(14,308)	-	45,932	-
J. O'Connor (appointed 15/01/2010)	-	19,243	25,961	-	-	-	45,204	-
L. Sams (appointed 02/07/2009)	-	-	26,327	-	-	-	26,327	-
D. Williams	29,054	-	12,193	-	(19,841)	-	21,406	-
<b>Total</b>	<b>335,082</b>	<b>51,492</b>	<b>369,853</b>	<b>-</b>	<b>(221,229)</b>	<b>-</b>	<b>535,198</b>	<b>-</b>

1 Details of Mr Ryan's share-based remuneration arrangements are separately disclosed in the Remuneration Report and Note 5 (c).

All performance rights granted to Key Management Personnel were granted in accordance with the provisions of the Company's Long-term Incentive Plan. Refer to the Remuneration Report and Note 5 to the financial statements, for further details.

# Notes to the Financial Statements

## For the year ended 30 June 2011 (cont.)

Tassal Group Limited and Controlled Entities

### 38. Related Party Disclosures (cont.)

#### (a) Key Management Personnel (cont.)

##### (iv) Other transactions

Excluding contracts of employment, no Key Management Personnel have entered into a contract or other transactions with the Company or the consolidated entity during the financial year and there were no contracts or other transactions involving Key Management Personnel's interests subsisting at year end.

#### (b) Controlled entities

Tassal Group Limited is the ultimate parent entity in the wholly-owned group comprising the Company and its wholly-owned controlled entities. Details of dividend revenue derived by the entity from entities in the wholly-owned group are disclosed in Note 3 to the financial statements.

Transactions between the Company and its controlled entities have been eliminated in the consolidated financial statements.

The aggregate amounts of transactions between the Company and its controlled entities are in the respective classification categories in the financial statements. The nature, terms and conditions of each different type of transaction area as follows:

- Inter-entity loans:

Loans between the Company and its controlled entities are unsecured and advanced on an interest free basis (refer to Note 7 to the financial statements).

#### (c) Associates and jointly controlled entities

##### (i) Purchase (sales) of goods and services

The Company and the consolidated entity entered into transactions with the following associate and jointly controlled entities for the supply of smolt (juvenile salmon), ancillary related items and the sale of various goods and services. These transactions were conducted on normal commercial terms and conditions.

Entity	Consolidated 2011	Consolidated 2010	Company 2011	Company 2010
	\$	\$	\$	\$
Salmon Enterprises of Tasmania Pty Ltd	6,182,237	5,549,088	-	-
Springfield Hatcheries Pty Ltd	-	767,397	-	-
Pink Restaurant Pty Ltd	-	(12,989)	-	-
MIC Pty Ltd	-	(700,000)	-	-
	6,182,237	5,603,496	-	-

##### (ii) Loans due from associates and jointly controlled entities

During the previous financial year the consolidated entity advanced funds to Pink Restaurant Pty Ltd for the purposes of assisting the associated entity to purchase mechanical services infrastructure. Interest was charged and paid monthly at an interest rate of 9.00%. Funds advanced were secured by the assets, the value of which exceeded the loan receivable. As Pink Restaurant Pty Ltd is no longer a jointly controlled entity the value of the loan due to the consolidated entity has been removed.

Entity	Consolidated 2011	Consolidated 2010	Company 2011	Company 2010
	\$	\$	\$	\$
Pink Restaurant Pty Ltd	-	81,050	-	-
	-	81,050	-	-

##### (iii) Financial guarantee contract

During the financial year the consolidated entity became party to a \$7.02 million facility that Salmon Enterprises of Tasmania Pty Ltd entered into with BankWest through a financial guarantee contract. The consolidated entity's guarantee is for \$5.88 million.

## 39. Notes to the Statement of Cash Flows

	Consolidated 2011	Consolidated 2010	Company 2011	Company 2010
	\$'000	\$'000	\$'000	\$'000
<i>(a) For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and in banks and short-term deposits at call, net of outstanding bank overdrafts. Cash and cash equivalents as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:</i>				
Cash and cash equivalents	7,960	4,265	-	-
Bank overdrafts	-	(13)	-	-
	7,960	4,252	-	-
<i>(b) Reconciliation of profit for the period to net cash flows from operating activities:</i>				
Profit for the period	30,280	28,009	2,884	11,624
Depreciation and amortisation of non-current assets	11,869	10,224	-	-
Depreciation – impact of allocation to cost of live and processed fish inventories	1,968	885	-	-
Net increment in biological assets	(12,404)	(10,034)	-	-
(Profit)/loss on divestment of jointly controlled entities	-	421	-	-
(Profit)/loss on sale of fixed assets	-	(103)	-	-
Increase/(decrease) in deferred tax balances	10,480	7,445	(3,607)	(937)
Increase/(decrease) in current tax liability	-	(194)	-	(194)
Share of associates' and jointly controlled entities' profits	773	(145)	-	-
Equity settled share-based payment	233	(692)	233	(692)
<b>(Increase)/decrease in assets:</b>				
Inventories (i)	(5,640)	5,794	-	-
Biological assets (i)	(9,974)	(15,546)	-	-
Trade and other receivables	16,911	(1,798)	490	(9,801)
Prepayments	126	(161)	-	-
Other current financial assets	-	-	-	-
Other non-current other financial assets	-	-	-	-
<b>Increase/(decrease) in liabilities:</b>				
Current trade and other payables	(2,740)	3,812	-	-
Other current liabilities	(969)	1,547	-	-
Other current financial liabilities	-	(359)	-	-
Current provisions	544	(613)	-	-
Other non-current liabilities	(1)	(8)	-	-
Non-current provisions	66	3	-	-
<b>Net cash provided by operating activities</b>	<b>41,522</b>	<b>28,487</b>	<b>-</b>	<b>-</b>

(i) Changes in inventories and biological assets are shown net of the profit impact of AASB 141 'Agriculture'.

# Notes to the Financial Statements

## For the year ended 30 June 2011 (cont.)

Tassal Group Limited and Controlled Entities

### 39. Notes to the Statement of Cash Flows (cont.)

	Consolidated 2011	Consolidated 2010	Company 2011	Company 2010
	\$'000	\$'000	\$'000	\$'000
<i>(c) Financing facilities</i>				
Secured revolving bank overdraft facility subject to annual review and payable at call				
– Amount used	-	-	-	-
– Amount unused	5,500	5,500	-	-
	<b>5,500</b>	5,500	-	-
Secured facilities with various maturity dates through to 2012 and payable at call				
– Amount used	35,755	34,537	-	-
– Amount unused	2,245	13,463	-	-
	<b>38,000</b>	48,000	-	-
Revolving lease finance facilities subject to annual review and payable at call with individual lease terms no greater than 10 years				
– Amount used	59,023	59,241	-	-
– Amount unused	23,977	23,759	-	-
	<b>83,000</b>	83,000	-	-

#### 40. Financial Instruments

##### *(a) Significant accounting policies*

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

##### *(b) Financial risk management objectives and derivative financial instruments*

The Group's activities expose it to a variety of financial risks which include operational control risk, market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The consolidated entity enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including:

- forward foreign exchange contracts to hedge the exchange rate risk arising on the purchase and sale of imported and exported supply of salmon; and
- interest rate swaps to mitigate the risk of rising interest rates.

The use of financial derivatives is governed by the consolidated entity's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives.

The consolidated entity does not enter into or trade financial instruments, including derivative instruments, for speculative purposes.

The Group uses different methods to mitigate different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risk and aging analysis for credit risk.

There has not been any material change to the objectives, policies and processes for managing financial risk during the year or in the prior year.

##### *(c) Capital risk management*

The consolidated entity manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the consolidated entity consists of debt, which includes the borrowings disclosed in Notes 21 and 24, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Notes 27, 28 and 29 respectively.

Operating cash flows are significantly used to maintain and expand the consolidated entity's biological asset and property plant and equipment asset base, as well as to make the routine outflows of tax, dividends and timely repayment of maturing debt. The consolidated entity's policy is to use a mixture of equity and debt funded instruments in order to meet anticipated requirements.

# Notes to the Financial Statements

## For the year ended 30 June 2011 (cont.)

Tassal Group Limited and Controlled Entities

### 40. Financial Instruments (cont.)

#### Gearing ratio

The Board of Directors review the capital structure on a regular basis and in conjunction with the Group's formulation of its annual operating plan and strategic plan updates. The Group balances its overall capital structure through the payment of dividends, new shares and borrowings.

The gearing ratio at year end was as follows:

	Net debt to equity ratio			
	Consolidated		Company	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Debt <sup>(i)</sup>	95,414	93,812	-	-
Cash and cash equivalents	(7,960)	(4,265)	-	-
<b>Net debt</b>	<b>87,454</b>	<b>89,547</b>	<b>-</b>	<b>-</b>
<b>Equity <sup>(ii)</sup></b>	<b>275,681</b>	<b>245,202</b>	<b>157,821</b>	<b>154,738</b>
<b>Net debt to equity ratio</b>	<b>31.72%</b>	<b>36.52%</b>	<b>0.00%</b>	<b>0.00%</b>

(i) Debt is defined as long and short term borrowings as detailed in Notes 21 and 24.

(ii) Equity includes all capital and reserves.

#### (d) Market risk management

Market risk is the risk of loss arising from adverse movements in observable market instruments such as foreign exchange and interest rates.

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rates and foreign currency risk, including:

- forward foreign exchange contracts to hedge the exchange risk arising from purchases and sales in foreign currencies [refer Note 40 (e)]; and
- interest rate swaps, options and collars to partially mitigate the risk of rising interest rates [refer Note 40 (f)].

#### (e) Foreign currency risk management

The consolidated entity undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

#### Forward foreign exchange contracts

The consolidated entity regularly assesses the need to enter into forward exchange contracts where it agrees to buy and sell specified amounts of foreign currencies in the future at a pre-determined exchange rate. The objective is to match the contracts with anticipated future cash flows from purchases and sales in foreign currencies, to protect the consolidated entity against the possibility of loss from future exchange rate fluctuations. The forward exchange contracts are usually for no longer than two months.

The consolidated entity enters into forward exchange contracts to hedge all foreign currency plant and equipment purchase in excess of 250,000 Australian Dollars and regularly assesses the need to hedge foreign exchange sales on a committed basis.

#### (f) Interest rate risk management

The consolidated entity is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by the consolidated entity by maintaining an appropriate mix between fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the statement of financial position or protecting interest expense through different interest rate cycles.

Pursuant to the consolidated entity's Treasury Policy, the consolidated entity may use interest rate swap contracts to manage interest rate exposure. Under these contracts, the consolidated entity agrees to exchange the difference between fixed and floating interest amounts calculated on agreed notional principal amounts. Such contracts enable the consolidated entity to mitigate the risk of rising interest rates and debt held.

#### Interest rate sensitivity analysis

The sensitivity analyses in the following table have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. The following table details the consolidated entity's sensitivity to a 1% increase and decrease in interest rates against the relevant exposures. A positive number indicates an increase in profit or loss where interest rates increase. For a reduction in interest rates against the respective exposures, there would be an equal and opposite impact on the profit or loss and the balances below would be reversed.

	Interest rate risk			
	Consolidated		Company	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Cash and cash equivalents	80	43	-	-
<b>Total Profit/(Loss)</b>	<b>80</b>	<b>43</b>	<b>-</b>	<b>-</b>



**40. Financial Instruments (cont.)****(g) Liquidity risk management**

Liquidity risk refers to the risk that the consolidated entity or the Company will not be able to meet its financial obligations as they fall due. The consolidated entity and the Company undertake the following activities to ensure that there will be sufficient funds available to meet obligations:

- prepare budgeted annual and monthly cash flows;
- measurement and tracking of actual cash flows on a daily basis with comparison to budget on a monthly basis;
- matching the maturity profile of financial assets and liabilities; and
- delivering funding flexibility through maintenance of a committed borrowing facility in excess of budgeted usage levels.

Included in Note 39 (c) is a summary of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

**Liquidity and interest rate tables**

The following tables detail the consolidated entity and Company's expected maturity for its non-derivative financial assets and contractual maturity for non-derivative financial liabilities.

**Consolidated**

	Average interest rate	Less than 1 year	1 to 5 years	More than 5 years	Total
2011	%	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>					
<i>Non-interest bearing:</i>					
Trade receivables	-	4,121	-	-	4,121
Other receivables	-	4,356	-	-	4,356
Other financial assets	-	500	-	43	543
<i>Variable interest rate:</i>					
Cash and cash equivalents	3.80%	7,960	-	-	7,960
<i>Fixed interest rate maturity:</i>					
Other financial assets	9.00%	11	42	18	71
		<b>16,948</b>	<b>42</b>	<b>61</b>	<b>17,051</b>
<b>Financial liabilities</b>					
<i>Non-interest bearing:</i>					
Financial Guarantees	-	8,330	-	-	8,330
Trade payables	-	33,462	-	-	33,462
Other payables	-	4,746	-	-	4,746
<i>Variable interest rate:</i>					
Bank overdraft	-	-	-	-	-
<i>Fixed interest rate maturity:</i>					
Cash advance	4.88%	-	35,755	-	35,755
Finance lease liabilities	7.59%	16,502	13,210	136	29,848
Bank loans	6.89%	29,794	-	-	29,794
Other loans	8.20%	3	14	-	17
		<b>92,837</b>	<b>48,979</b>	<b>136</b>	<b>141,952</b>

The amounts included above for financial guarantee contracts are the maximum amounts the Group would be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

**Company**

	Average interest rate	Less than 1 year	1 to 5 years	More than 5 years	Total
2011	%	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>					
<i>Non-interest bearing:</i>					
Other receivables	-	123,205	-	-	123,205
	-	<b>123,205</b>	<b>-</b>	<b>-</b>	<b>123,205</b>

# Notes to the Financial Statements

## For the year ended 30 June 2011 (cont.)

Tassal Group Limited and Controlled Entities

### 40. Financial Instruments (cont.)

#### (g) Liquidity risk management (cont.)

#### Liquidity and interest rate tables (cont.)

##### Consolidated

	Average interest rate	Less than 1 year	1 to 5 years	More than 5 years	Total
2010	%	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>					
<i>Non-interest bearing:</i>					
Trade receivables	-	20,183	-	-	20,183
Other receivables	-	4,644	561	-	5,205
Other financial assets	-	500	-	43	543
<i>Variable interest rate:</i>					
Cash and cash equivalents	3.09%	4,265	-	-	4,265
<i>Fixed interest rate maturity:</i>					
Other financial assets	9.00%	11	42	28	81
		<b>29,603</b>	<b>603</b>	<b>71</b>	<b>30,277</b>

##### Financial liabilities

#### *Non-interest bearing:*

Trade payables	-	32,257	-	-	32,257
Other payables	-	7,675	-	-	7,675

#### *Variable interest rate:*

Bank overdraft	-	13	-	-	13
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#### *Fixed interest rate maturity:*

Cash advance	4.75%	-	34,537	-	34,537
Finance lease liabilities	7.00%	16,204	21,138	251	37,593
Bank loans	6.68%	21,649	-	-	21,649
Other loans	8.20%	3	17	-	20
		<b>77,801</b>	<b>55,692</b>	<b>251</b>	<b>133,744</b>

##### Company

	Average interest rate	Less than 1 year	1 to 5 years	More than 5 years	Total
2010	%	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>					
<i>Non-interest bearing:</i>					
Other receivables	-	123,729	-	-	123,729
		<b>123,729</b>	<b>-</b>	<b>-</b>	<b>123,729</b>

#### (h) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations or commitments resulting in financial loss to the consolidated entity. To help manage this risk, the consolidated entity has adopted the policy of only dealing with creditworthy counterparties in accordance with established credit limits and where appropriate obtaining sufficient collateral or other security generally via trade credit insurance arrangements. The overall financial strength of customers is also monitored through publicly available credit information.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the consolidated entity's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

The consolidated entity maintains a provision account, described in the Annual Financial Report as an allowance for doubtful debts, which represents the estimated value of specific trade receivables that may not be recovered. A general provision is not maintained. Unallocated receivables are charged to the allowance for doubtful debts account.

#### (i) Fair value of financial instruments

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their respective fair values, determined in accordance with the summary of accounting policies disclosed in Note 1 to these financial statements and having regard to likely future cash flows.

# Directors' Declaration

Tassal Group Limited and Controlled Entities

## Directors' Declaration

The Directors declare that:

1. In the opinion of the Directors of Tassal Group Limited (the Company):
  - (a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
  - (b) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1 to the financial statements; and
  - (c) the attached financial statements and notes set out on pages 39-86 are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2011 and of their performance, for the year ended on that date; and
    - (ii) complying with Accounting Standards and the *Corporations Act 2001*.
2. At the date of this declaration, the Company and its subsidiaries are party to a deed of cross guarantee entered into for the purpose of obtaining for the Company's subsidiaries the benefit of relief from complying with certain accounting and audit requirements of the Corporations Act granted by ASIC by an order made under subsection 340 (1) of the Corporations Act on 27 June 2006. The order made by ASIC relieves the Company's subsidiaries from complying with the same provisions of the Corporations Act as they would be relieved from complying with if they satisfied the conditions set out in ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor of each other company which is party to the deed payment in full of any debt owed by each other company.

In the Directors' opinion, there are reasonable grounds to believe that the Company and each of its wholly-owned subsidiaries, being the parties to the deed of cross guarantee as detailed in Note 35 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

3. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2011.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the Directors



A. D. McCallum  
Chairman

Hobart, this 22nd day of August 2011

# Independent Auditor's Report

Tassal Group Limited and Controlled Entities

## Deloitte.

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### Independent Auditor's Report to the members of Tassal Group Limited Report on the Financial Report

We have audited the accompanying financial report of Tassal Group Limited, which comprise the statement of financial position as at 30 June 2011, the income statement, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 39 to 87.

#### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 '*Presentation of Financial Statements*', that the financial statements comply with International Financial Reporting Standards.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Tassal Group Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

#### Opinion

In our opinion:

- (a) the financial report of Tassal Group Limited is in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2011 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

#### Report on the Remuneration Report

We have audited the Remuneration Report included on pages 26 to 36 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

#### Opinion

In our opinion the Remuneration Report of Tassal Group Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

*Deloitte Touche Tohmatsu*  
DELOITTE TOUCHE TOHMATSU



D Harradine  
Partner  
Chartered Accountants  
Hobart, 22 August 2011

Liability limited by a scheme approved under Professional Standards Legislation.  
Member of Deloitte Touche Tohmatsu

# Additional Securities Exchange Information

Tassal Group Limited and Controlled Entities

The following additional information is provided in accordance with the ASX Listing Rules as at 15 August 2011.

## Number of holder of equity securities

### Ordinary share capital (quoted)

146,304,404 fully paid ordinary shares are held by 3,963 shareholders. At a general meeting, every shareholder present in person or by proxy, attorney of representative has one vote on a show of hands and, on a poll, one vote for each fully paid share held.

### Performance rights (unquoted)

923,922 performance rights granted pursuant to the Company's Long-term Incentive Plan are held by 15 employees. A performance right to ordinary shares does not entitle a participant under the Plan to voting rights, participation in new issues of securities or to receive dividends. In the event that shares are issued under the Plan at the end of the performance period pursuant to the performance rights, those shares will rank equally with existing ordinary shares, including entitlement to voting rights.

## Distribution of holders of equity securities

Number of equity securities held	Ordinary Shares			Performance Rights		
	No. of holders	No. of shares	% of shares	No. of holders	No. of rights	% of rights
1 – 1,000	1,069	515,491	0.35	-	-	-
1,001 – 5,000	1,688	4,450,380	3.04	-	-	-
5,001 – 10,000	619	4,545,411	3.11	-	-	-
10,001 – 100,000	549	13,564,382	9.27	14	634,461	68.67
100,001 and over	38	123,228,740	84.23	1	289,461	31.33
	<b>3,963</b>	<b>146,304,404</b>	<b>100.00</b>	<b>15</b>	<b>923,922</b>	<b>100.00</b>

The number of shareholders holding less than a marketable parcel of 388 fully paid ordinary shares on 15 August 2011 is 467 and they hold 69,891 fully paid ordinary shares.

## Substantial shareholders

The following organisations have disclosed a substantial shareholder notice to ASX.

Name	Number of ordinary shares	% of voting power advised
Pacific Andes Resources Development Limited	28,910,367	19.76%
Orbis Investment Management (Australia) Pty Ltd	27,568,260	18.84%
JF Capital Partners Limited	13,346,685	9.26%
Maple-Brown Abbott Limited	9,974,853	6.82%

# Additional Securities Exchange Information (cont.)

Tassal Group Limited and Controlled Entities

## Twenty largest holders of quoted ordinary shares

Name	Number of Shares	% of issued capital
Quality Food (Singapore) Pte Limited	28,910,367	19.76
J P Morgan Nominees Australia Limited	20,440,503	13.97
National Nominees Limited	19,910,708	13.61
HSBC Custody Nominees (Australia) Limited	11,538,579	7.89
Citicorp Nominees Pty Limited	10,376,802	7.09
RBC Dexia Investor Services Australianominees Pty Limited	10,012,300	6.84
JP Morgan Nominees Australia Limited <Cash income A/C>	7,713,946	5.27
Mirabooka Investments Limited	2,161,646	1.48
Cogent Nominees Pty Limited	1,864,849	1.27
HSBC Custody Nominees (Australia) Limited-Gsco Eca	1,243,104	0.85
CIMB Securities (Singapore) PTE LTD <Client A/C>	1,116,889	0.76
Bond Street Custodians Limited <Officium Special Situat A/C>	875,000	0.60
Brazil Farming Pty Ltd	822,346	0.56
Ancil Limited	811,696	0.55
Queensland Investment Corporation	531,082	0.36
Citicorp Nominees Pty Limited <Owlth Bank off super A/C>	458,732	0.31
The University Of Melbourne	409,941	0.28
Mr Mark Ryan	370,584	0.25
Garmaral Pty Ltd	294,539	0.20
Gowing Bros Limited	285,000	0.19
<b>Total</b>	<b>120,148,613</b>	<b>82.12</b>

## On-market buy-back

There is no current on-market buy-back.







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